

**UPPER EGYPT LOCAL DEVELOPMENT
PROGRAM FOR RESULTS**

**ENVIRONMENTAL AND SOCIAL SYSTEMS
ASSESSMENT**

FINAL REPORT

JUNE 2016

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LIST OF ACRONYMS

BG	Block Grant
CDA	Community Development Association
CEA	Country Environmental Analysis
CF	Catalytic Fund
CSD	Citizens Service Department
DLI	Disbursement-linked Indicator
EEAA	Egyptian Environmental Affairs Agency
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
EMU	Environmental Management Unit
ESA	The Egyptian Survey Authority
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESSA	Environmental and Social Systems Assessment
GAFI	General Authority For Investment and free zones
GoE	Government of Egypt
GRM	Grievance Redress Mechanism
H&S	Health and Safety
IEDLR	Inclusive Economic Development Program for Lagging Regions
IVA	Independent Verification Agency
LEC	Local Executive Councils
LGU	Local Governorate Unit

LPC	Local Popular Councils
M&E	Monitoring and Evaluation
MSEA	Ministry of State for Environmental Affairs
NGO	Non-Governmental Organization
NOPWASD	National Organization for Potable Water and Sanitary Drainage
OCC	Office for Citizens Complaints
OSS	One Stop Shop
PAP	Program Action Plan
PDO	Project Development Objective
PforR	Program for Results
PG	Performance Grant
RBO	Regional Branch Office
TA	Technical Assistance
ToRs	Terms of Reference
UELDP	Upper Egypt Local Development Program
WBG	World Bank Group
WSC	Water and Sanitation Company
WWTP	Wastewater treatment plant

EXECUTIVE SUMMARY

Background

Upper Egypt governorates lag significantly behind the rest of the country in economic growth, employment generation, connectivity, service delivery access and government capacities. Collectively, these factors are associated with high rates of poverty and deprivation. Although Upper Egypt has lagged during recent history, it has demonstrated the ability to meet unrealized potential. Between 2004 and 2008, Upper Egypt demonstrated convergence tendencies registering higher growth than the average for metropolitan Egypt and the nation overall driven mainly by agricultural activities around urban areas in Upper Egypt.

The GoE has recognized the need for a differentiated strategy for lagging regions, and views an integrated approach to private sector-driven, local development as the best way of reducing poverty in lagging regions like Upper Egypt. It is in this context that the GoE is launching the “Inclusive Economic Development Program for Lagging Regions” (IEDLR) to roll out a comprehensive approach to local development in the lagging regions for which it sees efficient and capable local governments -governorates and districts - as a pre-requisite. The GoE recognizes that while important infrastructure, social services, and job creation projects have been provided in Upper Egypt in the past, an alternative and integrated approach is needed to address the fundamental development challenges of the region to create jobs and reduce poverty. The IEDLR aims to replace the ‘investment-only’ model of the past with a comprehensive approach that integrates regulatory reforms, institutional development, citizen and private sector participation, and investments in a meaningful, synergistic, sustainable and scalable manner.

The proposed WBG financed Upper Egypt Local Development Program (UELDP) envisions helping implement the larger GoE program, the IEDLR, by (i) reducing regulatory barriers to private sector investments; (ii) enhancing the access to and quality of local infrastructure and services; and, (iii) strengthening the accountability of government and inclusion of citizens, in select Upper Egypt governorates. It is expected that through the combination of these factors, sustainable local development would be achieved, productive employment would be created, and, thus, entrenched poverty would be reduced, as envisioned in the GoE program.

The National Program

The objectives of IEDLR are to promote sustainable local development and create productive employment, in order to reduce poverty in the targeted governorates. The IEDLR has translated these objectives into three pillars: (i) improving citizen engagement, transparency, and monitoring and evaluation systems (ii) improving service delivery for citizens through effective local administration; (iii) improving competitiveness, infrastructure, and the business environment for private sector led growth.

The Program Description

The Program Development Objective is to improve the enabling environment for private sector-led growth and strengthen local government accountability and capacity for service delivery, in select Upper Egypt Governorates.

The UELDP aligns fully with the fundamental objectives of IEDLR and will geographically cover the governorates of Sohag and Qena. UELDP's implementation period is about five 5 years. UELDP is constituted by two sub-programs: (i) improving business environment and competitiveness, and (ii) improving access to quality infrastructure and services. These sub-programs are enhanced through cross-cutting measures to improve citizens and business engagement at the local authority level.

Sub-Program 1: Improving the Business Environment and Competitiveness

The Program will introduce an integrated approach to improving the business climate and competitiveness anchored at the governorate-level and will encompass i) improving local access to better government to business services, ii) targeted sector-specific initiatives for catalyzing and removing obstacles to investment and business, including improving the capacity and productivity of firms through business development services and worker training, and iii) improving the management of industrial zones and accessibility of serviced industrial land.

Sub-Program 2: Improving Access to Quality Infrastructure and Services

The Program will support a more integrated, efficient and results-oriented approach to providing infrastructure and services critical for businesses and residents. Sub-Program two will operationalize key Government reforms to improve the capacity of Governorates and implement the articles of the constitution that relate to subnational governments which is calling for increasingly devolved authority coupled with greater accountability. Egyptian governorates have been subject to several contradictory laws and regulations that have limited their ability to undertake effective socioeconomic development planning. The draft Unified Planning Law harmonizes those laws and offers governorates the ability to undertake better integrated planning with more citizen and business participation in the process. The Program also provides an opportunity to operationalize the reforms anticipated in the new Local Administration Law. The Program will thereby enable governorates to: (i) better identify needs, and fill them in a coordinated rather than fragmented manner; (ii) expand access to critical infrastructure and services over which they previously had limited influence; and (iii) address critical sustainability challenges through improved focus on operations and maintenance. It will do so by introducing a Performance-based Grant (PG) mechanisms- (measuring progress in governorate performance indicators - to accessing infrastructure and service financing transferred from the central government to the Governorates.

Cross Cutting Theme: Citizen and Business Engagement

The implementation of both sub-programs will be enhanced through integrated citizen engagement as a means to strengthen the credibility of subnational institutions, enhance government accountability and restore citizens' confidence, in order to renew the 'social contract' between citizens and local authorities. UELDP will support a package of measures that institutionalize citizen engagement in Sohag and Qena. These include: (i) strengthening citizen and business participation in the identification, implementation and evaluation of sub-national investments through participation in the annual planning and budgeting process and enhancing access to information; (ii) harmonizing and upgrading (via ICT) the different grievance redress mechanisms (GRMs) operational at the governorate and district levels; and (iii) introducing a system of gathering regular beneficiary feedback through the introduction of citizen report card surveys and other ICT-enabled feedback tools at the Governorate level.

Investment Menu and Excluded Activities

Program funds are allocated to the Governorate level. Program expenditures are constituted by the projected five year (FY 2017 to FY 2021) Governorate *diwan* expenditures, with Bank financing being fully additional to the Governorate *diwan's* currently budget allocation projected over the next five years. The Program will fund expenditures related to activities that fall under the direct responsibility of the Governorate *diwan* (local roads paving; street lighting equipment and works, environment improvement; civil defense, traffic and security; and local units' support), as well as activities implemented through deconcentrated service directorates of Ministries (regional roads, water/ sanitation, and electricity). In addition, the Program will fund targeted activities that enable private sector led growth that are largely provided by the Ministry of Industry and Trade and its associated entities, e.g. market and value chain development, business development services, skills development, and existing industrial zones upgrading and management. The total Program financing is about \$ 980 million, in which IBRD financing is \$ 500 million. A sample table of governorate expenditures through the performance grant are listed in the investment and expenditure menu in Annex 4.

The governorates' local and regional road investment and O&M needs for the next five years are projected to amount to \$100 million. This comprises \$45 million for the widening of a 44km portion of the Western Desert Road connecting Qena and Nagi Hammadi and \$10 million for maintaining it¹. It also comprises another \$45 million for local road maintenance, road safety features, and speed bump removals on agricultural roads in the two governorates.

The Program would exclude activities that do not meet Bank policies on eligibility for PforR financing. Specifically, the Program will not include activities assessed to have a significant adverse impact on the environment and/or affected people, as defined in the Policy and Directives on PforR Financing, as well as

¹ This is a 44 km segment of the Western Desert Road, located between Qena and Nagi Hammadi. This road section is of particular importance for Qena Governorate since it links Qena with large scale factories in Nagi-Hammadi and the large industrial zone of Al Hew which could an important role for Qena's future development. Also, large tracts of new agricultural land (both already developed and to be developed) are located directly along this road.

works, goods, and consultancy contracts above the Operations Procurement Review Committee thresholds. The POM will detail the implementations entities management arrangement to ensure that no excluded activities will be included under the Program and the Bank will screen Program execution to ensure compliance with PforR policy requirements during implementation.

There is a negative list of investments that contains items for which the PG funds cannot be used. They include:

- Roads - Construction or rehabilitation of roads that require significant resettlement of people (more than 200 people).
- Power generation plants
- Landfills
- Bridges that connect Nile Islands to roads – Nile islands are considered natural habitats and such bridges can cause significant impacts to the island.
- Productive Activities – No productive activities with the exception of hygienic slaughterhouses.

All works related to construction of new road sections, bridges, fords, culverts, solid waste transfer stations, composting plants, biogas plans, urban drainage, flood control, industrial zones upgrading facilities/equipment, cluster competitiveness initiatives or other projects or activities that could have significant resettlement impacts, economic displacement or physical displacement will be screened according to their environmental and social impacts significance on a case by case basis as it may fall under the exclusion criteria for the operation, as further detailed in this ESSA.

Disbursement Linked Indicators

DLI	Definition and Coverage	Amount
Governorates improved delivery of regulatory services to businesses in the governorates	Regulatory services are improved in two ways: 1) decentralized Services provided through GAFI one-stop-shops are provided within the governorates, and 2) G2B services through the district service centers are improved (measured by an improvement in processing time of key services, operational licenses and construction permits).	30
Governorates launched and implemented cluster competitiveness initiatives	Governorates implement cluster initiatives to enhance competitiveness and promote investment.	50
Governorates improved management and services of industrial zones	An industrial zone management framework providing for authorities, responsibilities, and standards for industrial zone management and services and industrial zone upgrading plans was developed, agreed, and implemented in all zones in the two Governorates. At least one zone in each Governorate is managed privately or through PPP arrangement by the end of the Program.	60

Governorates fulfilled minimum access criteria to improve transparency, citizen engagement, and accountability	Governorates have fulfilled annual minimum access criteria (MACs). The MACs comprise a small set of institutional measures to improve transparency, citizen engagement and accountability. They are necessary conditions for the governorates to receive any of their annual indicative allocations for the performance grant. The MACs are outlined in the Performance Grant Manual (PGM).	100
Governorates met performance targets to access infrastructure and service financing	Governorates have undertaken an annual performance assessment, as outlined in the PGM, and received a portion of their performance grant allocations commensurate with their performance. Performance targets, are defined in the PGM. The scores are rendered null if the governorates do not also fully comply with the MACs	180
Governorates met threshold for quality audit for a cumulative E£ of infrastructure and service	Program Governorates administered technical quality audit of infrastructure and services provided through the Program, win line with technical audit parameters as outlined in the POM.	80
Total		\$500 m

Institutional Setup

The institutional arrangements of UELDP are based on the governance structure of central and governorate level functions in Egypt, with a clear division of responsibilities between levels of government and consistent with existing legal provisions, regulations, and guidelines. The implementation structure comprises: an inter-ministerial Steering Committee (SC); a Program Coordination Office (PCO); a Local Economic Development Council (LEDC) in each Governorate; and a Local Implementation Unit (LIU) in each Governorate.

The Existing Environmental and Social Systems

In general the local legislation, policies and guidelines sufficiently addresses the environmental and social issues associated with the Program, however, the capacity of implementing agencies in the governorates is not as robust. Description of the current procedures and correspondent gaps in complying with national legislation, policies and guidelines are discussed below. Measures have been proposed to strengthen the system which have been included in the Program Action Plan.

Environmental Assessment: Environmental assessment for projects is included in the Law 4/1994 modified by Law 9/2009 or “The Law for the Environment”, which is the main legislation regulating environmental protection in Egypt, it is being regulated by The Ministry of State for Environmental Affairs (MSEA) and its executive agency the Egyptian Environmental Affairs Agency (EEAA). Since the effectiveness of the Law in 1994 significant improvements have been introduced to the environmental legal system following the gained experience through implementing the law in the past 20 years. According to Law 4/1994 the

Environmental Impact Assessment (EIA) is a licensing requirement for development projects that are likely to cause impacts to the environment. The existing EIA Guidelines (modified in 2009) include detailed requirements for the EIA process, including social assessment and consultation, and is compatible, to a great extent, with the WBG environmental assessment requirements. However, there are some gaps in the procedural side and the compliance with the Law and Guidelines requirements, including:

- Preparation of EIAs as licensing requirement is mainly done by the private sector, while many projects initiated by the government do not prepare EIAs.
- In many cases EIAs are prepared as formality while risk assessment, and the resulting mitigations measures, does not commensurate with the risk nature
- EMPs are not sufficiently followed up and environmental inspection is fragmented between EMUs and RBOs with little coordination
- Construction sites are not usually monitored for EMP compliance
- There are limited qualified environmental and social consultants in the governorate and the expertise for of EIA preparation is usually imported from other governorates
- There is no requirement for consultation and disclosure for Category B projects

Hazardous substances and wastes: The handling procedures of hazardous substances and wastes are included in Law 4/1994 with adequate level of details, those procedures are generally in conformity with the requirements of recognized international standards. In terms of actual implementation on ground, there are no sufficient resources to comply with the Law requirements. The identified gaps include:

- Law 4/1994 does not specifically demand having an impervious secondary containment of 110 percent of storage tank volume.
- Hazardous, nonflammable, substances are not effectively tracked
- Industries do not have feasible means to comply with hazardous waste disposal standards as no licensed facilities in Upper Egypt to handle hazardous waste

Air quality: Ambient air quality, emission standards and stack height requirements of Law 4/1994 generally are compatible with recognized international standards, with few exceptions that have little significance in the UELDP context. The main gaps are:

- Stack heights are not usually complied with by industrial facilities and there is little follow-up within this regards
- Emissions are rarely monitored, for lower active stacks, and no emission inventories are established. Engines, burners and furnaces are rarely checked for efficiency.
- Ambient air quality is monitored only in one point in the two governorates, not including the industrial cities and many major roads. Monitoring data is not disclosed to the public and is not used in the EIA and licensing procedures

Water resources: The quality of freshwater resources including River Nile, irrigation canals, agriculture drains and groundwater aquifers are regulated by Law 48/1982, which include comprehensive standards for ambient water quality as well as allowable discharge standards for wastewaters discharged in different water bodies. Industrial facilities and workshops are required to comply with Law 93/1962 and its modified executive regulations (Decree 44/2000) which also include comprehensive discharge standards and standards of treated effluent to be reused in agriculture. The gaps are mainly procedural, including:

- Unserved areas with sanitation are not provided with adequate septage management system
- WWTPs treating with stabilization ponds do not have frequent plan for de-sludging and safe disposal of sludge
- Tree forests receiving treated effluents are not provided with arrangements for water balance in different seasons

Noise: Law 4/1994 includes standards for ambient noise during night and day in addition to standards of occupational noise and correspondent exposure periods. The main gaps are:

- The Law standards do not include requirements to avoid raising the background noise at baseline conditions.
- Ambient noise monitoring is not consistently measured, the monitoring data is not disclosed to the public and is not used in the EIA and licensing procedures
- No effective tracking of compliance with occupational noise exposure

Solid Waste Management: Law 38/1967 regulates general cleanliness and solid waste management, also a decree has have been issued in 2005 to add solid waste services fees to the electricity bills. Generally SWM services is performed in the two governorates by the Local Authority, but usually they lack sufficient financial resources to deliver quality service. There was a success story in Qena City in 2000/2001, where a service fee was effectively collected from households and commercial facilities, but it was undermined by lack of finance especially after 2011 revolution. The main gaps are:

- The service is not inclusive to all citizens, only in cities (and sometimes to parts of cities)
- The manpower and equipment, including vehicles are insufficient for adequate service delivery
- The service providers are not accountable to ineffective services or unregulated disposals
- Disposal is done in open dumpsites with low environmental and health standards, sometimes such sites are close to urban settlements

Health and Safety: The Labor Law (Law 12/2003) is the main legislation regulating H&S issues, the Law comprehensively regulate physical, dynamic, biological and chemical risks. The gaps are mainly on the implementation front and the compliance of industry workers to such standards. The main gaps are:

- There is no general awareness among employers and workers to adhere to safe working measures.
- There is limited capacity to monitor H&S issues in industrial sites

- Construction activities are usually not inspected for H&S issues

Natural habitats: Law 102/1984 regulates natural protected areas, which includes 144 islands in the River Nile. Usually development of the protected areas is well monitored to keep its natural conditions, however, the following gap has been noticed in the UELDP governorates:

- No effective law enforcement in Nile islands and many of those islands already comprise many urban development activities.

Cultural Heritage: Law 117/1983 has been issued for protection of antiquities and culturally valuable sites. Being one of the richest countries of the World with antiquities from ancient civilizations, the GoE gives the Law high importance and weight. The Law includes stipulations for structural protection of known and unknown antiquities through certain procedures for chance finds. The stipulations of the Law would adequately safeguard against negative impacts during construction phase of the Program interventions, and the Antiquity Authorities are closely inspecting the protection of registered sites.

Land Tenure and Laws on Land Expropriation in Egypt. There are three main forms of land ownership in Egypt: public or State land (Amlak Amiriya in Arabic), private land (Mulk horr), and waqf land (land held as a trust/endowment for religious or charitable purposes). Article 33 of the 2014 Constitution provides that “the State shall protect the three types of ownership: public, private, and cooperative.” Article 35 of the Constitution also provides that “private properties shall be protected, and the right to inheritance thereto is secured.” The Constitution (Article 63) states that all types of involuntary relocation using force or excessive violence is banned, and violators of this Article will be dealt with by the Courts”. Law 10 of 1990 on Expropriation of Ownership for Public Interest regulates cases where private land is needed for public interest projects. Expropriation of property is further regulated by Law 59 of 1979 on the Establishment of New Urban Communities, and Law 3 of 1982 on Urban Planning. The term “public interest” in an expropriation context is defined in Article 2 of Law 10/1990, which covers, inter alia, water supply and sewage projects. Law 10/1990 describes the expropriation procedures, starting with a declaration of public interest pursuant to a Presidential Decree, accompanied by a Memorandum on the required project and a complete plan for the project and its buildings (Law 59/1979 and Law 3/1982 provide for the Prime Minister to issue the Decree). The Decree and the accompanying Memorandum must be published in the Official Gazette, with a copy (of the Decree) displayed for public viewing in the main offices of the local government unit concerned. Several operational steps follow before the land is finally acquired. At the central level, the Government agency responsible for implementing the land expropriation in the public interest is the Egyptian General Authority for Land Survey (“ESA”). ESA is charged with the formation of the expropriation and compensation committees. ESA is represented by Directorates on the level of the Governorates. The executing body could be another Ministry (e.g. the Ministry of Housing) or a Governorate. This executing body would accordingly be responsible for paying compensation to affected groups through ESA (or under its supervision), offering alternative resettlement options, and implementing the resettlement project. At the local level, several local departments and directorates should be involved

in the resettlement program depending on the type of program to be implemented and the type of the land ownership. Although Law 10/1990 does not clearly specify that lessees could be entitled to compensation, the lessees implicitly belong to the group of “rights holders” referred to in this Law. It is clear, however, that lessees may not have recourse against the landlord for the termination of their lease agreements as a result of the expropriation act. Another important issue that has not been addressed in Egyptian law is the right of squatters to claim compensation in the event of displacement or resettlement. Egyptian legislation does not recognize squatters’ rights. However, Egypt’s experience in dealing with this issue demonstrates that due to political pressure and the importance of the social dimension, the Government has been forced to provide alternatives for these groups of households, in terms of alternative shelter, cash or in-kind (e.g.; jobs) compensation.

Land acquisition procedures: As a rule of thumb, priority is given to the selection of state owned land for the implementation of public interest infrastructure project in order to avoid negative resettlement impacts on the population. In the cases where the option of private owned land is resorted to due to absence of state owned land, number of approaches (e.g. eminent domain, willing buyer willing seller, donation) could be followed depending on the type of project (e.g. roads, sanitation, ...etc.) the land acquisition procedures largely depend on the type of project to be implemented and the approach used in acquiring the land. For instance, for the sanitation project four common ways of obtaining land for pumping stations and treatment plants are followed: i) voluntary land donation, ii) a community contribution, which is a very common approach for siting pumping stations; iii) willing buyer-willing seller approach; and iv) acquiring land through the use of eminent domain. For the linear projects that entail permanent land acquisition (e.g. bridges, roads), law 10 is normally applied and the procedures related to eminent domain are followed. For linear projects that involve temporary land acquisition (e.g. natural gas or electricity transmission lines) other associated sector-specific arrangements apply (e.g. laws for natural gas number 217 year 1980). The ESSA examined the procedures for each of the followed approaches and focused on the application of law 10 for eminent domain. The Directorates of Survey (Governorate level of ESA) were also interviewed and consulted during the preparation of the ESSA. Number of challenges related to the application of Law 10 were examined in the ESSA, most importantly, (i) the limited capacities of the Governorate and associated relevant entities (e.g. the Directorates of Survey) in dealing with land issues; (ii) the potential delay in the scheduled timeframe as a result of land acquisition; (iii) the lack of a consistent and transparent approach in managing some of the land acquisition aspects (e.g. the valuation of land price, the poor level of consultation with affected groups and the absence of appropriate local level grievance mechanism for issues related to land, interference of other laws and affecting the value of the compensation like the improvement law). The above legal and procedural challenges usually have negative implication on: (i) the timelines of the implementation of the projects; and (ii) the livelihood risks related to land acquisition, particularly on those without legal titles, squatters and illegal users.

Procedures for engaging with communities: The ESSA examined the existing mechanisms for engaging with local communities in the 2 Governorates. The key observation and most critical shortfall is that citizens have no structured mechanism to engage in planning the services, monitoring the quality of services or the

budgets associated to the service delivery. Like the case in all Egyptian Governorates, one the important official mechanism to **Local Popular Council** which is formed of elected members on the governorate, Districts, Town, Urban Subdivision and village level. The Members of the Local Popular Councils are the only members are the only elected members in the local administration and their role is to bridge communities' claims to the executive council and to monitor the performance of the executive council and monitor the allocation of the budget to ensure that the priorities of the communities are reflected. However, in real practice, there are a lot of challenges related to the functionality of this mechanism, Moreover, the Local Popular Councils have been dismantled based on a decree from the Administrative Court in the aftermath of Jan 25 Revolution and have not been elected again since then.

In both Qena and Sohag, large number of **Community Development Associations (CDAs)** are actively operating. A total of around 1100 CDAs in Qena (around 500 of charity oriented associations and 600 of development oriented associations) and 1400 in Sohag (600 of Charity oriented and 800 of development oriented)². Number of CDAs were consulted in each of the Governorates. The ESSA team also met with the Directorates of the Social Solidarity. The development-oriented CDAs in the 2 Governorates are characterized by being generally active and have long experience in engaging with their local communities. This specifically returns to the heavy involvement of donors and development agencies with the CDAs of Upper Egypt during the last twenty years. The CDAs in the two Governorates are a good asset that could be structurally utilized to strengthen the level of engagement with local communities, which is one key objective and mission for them. The key challenges that are facing CDAs in the Governorates are the very limited resources and all the associated implications related to limitations in the activities and the human resources, absent dialogue between the Government and the CDAs, the domination of the charity and solidarity approach (even among the development-associations) and the absence of an integrated and sustainable vision for developing the communities. In the meantime, some of the special funds (e.g. the NGOs/CDAs Support Fund) that used to be managed in a decentralized manner on the Governorate level turned lately in 2015 to be centralized and managed by the Ministry of Finance.

Procedures for Grievances Redress:

In both the Governorates, there are multiple channels for receiving the complaints of the citizens. This ranges from sending direct complaints to the Governor or the Secretary General, passing through the other channels like the Government portal, sending mails, submitting complaints to the Citizens Service Department (which is represented with offices on the level of each of the Markazes). The latter is decentralized in terms of location. However, the central level on the Diwan level is still holding much of the power of this department. In the meantime, each of the Governor assign one day for direct interaction with the citizens (Monday of each week in Qena and Tuesday in Sohag). The open weekly day is called "Citizens Meeting". The protocol of each of the Governorates in managing this day is very similar where the

² Those figures are based on the meetings with the Directorate of the Social Solidarity in each of the Governorates. The team was also informed that the numbers decreased since some of the CDAs have been dissolved.

executive council is present to discuss with the citizens who attend their pre-registered complaints Governorate Introduction of the weekly meetings by the Governors.

While the existence and operation of diverse channels is a favorable choice to the citizens, the analysis of the existing mechanisms clearly revealed number of drawbacks and opportunities for improvement in the current system. It was clear that citizens (particularly those living in urban and rural areas of the Markazes) do not trust in the functionality of grievance system on the Markaz level. This weak trust from the citizens, doubled by the tendency of the Governorate-level Departments to hold the power, are greatly contributing to the “centralization” of the system and the dis-functionality on the Markaz/district level. The cost of this practice is heavily paid by the poor and vulnerable groups of women, elderlies and groups of special needs who have to travel to the Capital City where Diwan is located to file a complaints. There are also a lot of challenges related to the registry of complaints, the tracking system and the lack of efficiency and responsiveness to the complainers. The poor facilities and working conditions of the Citizens Service Department are serious challenges that discourage the teams in charge. In the meantime, the referral to relevant entities (e.g. the water, electricity authority ...etc.), in most of the cases, dilute the responsibilities and the accountability, specifically since the coordination mechanism between those entities and the Citizens Service Department is inexistent.

Environmental and Social Benefits, Risks and Impacts

Screening of Category A-type interventions: The Program interventions under the PGs are generally expected to be relatively small scale projects that will not have significant, diverse, sensitive or unprecedented impacts that could affect a wide area of influence. However, the exact sub-projects of the PGs will only be known in the plans that will be developed during the Program implementation, therefore the ESSA comprise procedures to be followed by the PCO/LIUs to screen out any possible Category A-type intervention. The PCO/LIUs will be trained to screen such projects, especially in sectors with environmental significance, such as solid waste management, roads, wastewater and slaughter houses. The only potential investment that is known at the preparation phase is the widening of a 44 km road sector between Qena and Nagaa Hammadi, and the ESSA team assessed this intervention as not to fall under the definition of Category A-type interventions.

Risk screening against OP9.00 Core Principals: A preliminary risk assessment has been carried out using the Environmental and Social Risk Screening Format included in OP 9.00, and the likely environmental and social effects have been addressed. Regarding the context, the Program will be in Upper Egypt where it is highly populated within the Nile valley and mostly uninhabited desert in western and eastern parts of the valley, and most of the interventions with relative significance will be implemented in desert uninhabited areas. The PAP include procedures to make sure that adequate measures are taken to prevent negative impacts to physical cultural resources and natural protected areas. In terms of sustainability, the Program have a strategic objective of improving services and economic activities in lagging regions, and the PGs under the Program are addressing services which will improve the environmental sustainability in the

Program governorate and reduce the pressures from the urban development. The only risk on the decisions of the future generations is the change of land use in desert areas, which is considered to be a low risk and would be further minimized by the improved environmental assessment system, through the PAP, which would minimize risks more effectively and maximize the environmental benefits of interventions. In terms of institutional complexity, there is some complexity in the monitoring/follow up system as two entities (RBOs and EMUs) are currently responsible for that with relative little coordination. The institutional capacity of both entities is limited with limited number of staff and equipment, and the PAP includes measures for capacity building of different stakeholders. There are no governance or corruption risks associated with the environmental aspects of the Program. The overall environmental and social risks have been rated as substantial.

Environmental Benefits, risks and impacts: The environmental benefits are providing better infrastructure and services to reduce the existing environmental pressures in the two governorates. Those benefits will be particularly achieved through better solid waste managements, water supply and sanitation. There is a number of indirect benefits through improvement of roads as it will reduce traffic congestions (with associated air pollution and noise) and will also directly improve roads safety, reduce accidents and reduce dust emissions in rocky roads that will be surfaced.

The main environmental risks are: institutional capacity to manage environmental aspects (substantial), insufficient waste handling facilities to serve industrial cities and infrastructure projects (medium), environmental monitoring and follow-up is fragmented between two entities (medium) cluster competitiveness initiatives and action plans may not be environmentally sustainable (medium), risks on occupational health and safety in construction and industrial sites (medium), and risks of impacting natural protected areas or physical cultural resources (low)

The main environmental impacts are changing land use at the footprints of different project interventions, and subproject-specific impacts on land, water and air. These impacts are generally considered of low significance, and the ESIA improved system will include mitigation measures to minimize such impacts.

Recommended Actions to Address Identified Risks and Gaps:

The ESSA has developed measures that aim to address the identified gaps. All the proposed measures are to strengthen the local capacity for effective implementation of existing laws and regulations. None of the measures are suggesting regulatory reforms or will have any impacts on the existing environmental and social regulations as most of the identified gaps are in the procedural aspects of implementing those laws.

Qualified environmental and social specialists will be recruited at the PCO and LIU levels, and there will be also a parallel TA to enhance the capacity of different implementing agency to improve the environmental and social system. The PCO/LIUs will review the investment plans once they are ready and will screen off projects that would have significant environmental and social impacts, this is included in the minimum access criteria for new investments. The PCO/LIUs will develop a manual during the first year of the

Program implementation that includes the different measures for improving the environmental and social system. After the manual is prepared, it should be applied to ensure good management for the environmental and social risks. The manual will include measures for:

- Improving the environmental assessment through ensuring preparation of quality ESIA's during sub-project planning, focusing on sub-projects with relatively higher risk (roads, sanitation and solid waste management) and for projects in sensitive areas (natural protected areas and near antiquity sites). Also, cluster competitiveness initiatives would include strategic environmental assessment and the assessment recommendations adopted in the action plans
- Improving environmental inspection and follow up system through carrying out coordinated environmental inspection and follow up plans prepared collectively by EMUs and RBOs, improving inspection on H&S issues in construction sites and industrial facilities
- Improving waste management in industrial cities guided by a risk management approach for handling waste according to best available techniques. The PCO/PIUs will start dialogue with stakeholders to initiate a hazardous waste facility in Upper Egypt
- Establishment of workers centers in industrial that will provide services to in the fields of health and safety, The centers would have access to health and safety experts to advise workers on health and safety conditions specific to their work, provide medical advice on occupational health related issues. The workers centers should also provide special facilities to the women workers in the industrial zones (e.g. day care centers for children, awareness classes ...etc.). Those are meant to be measures to encourage women participation in the jobs that will be created in the industrial zones.
- Improve the risk management through introducing an assessment system and screening out mechanism for the land –related high risk activities.
- Incorporate the requirements and measures to address the land related issues through the development of land acquisition guidelines
- Support the Governorates in establishing and functioning a responsive and simple local level grievance redress system.
- Participatory Strategic Development Plans to be developed for the 2 Governorates using an inclusive approach for stakeholders' engagement.
- Support the Governorate to adopt appropriate modalities for engaging with youth, women and other community groups
- Support the Governorates in strengthening their social impacts assessment (SIA) as part of the PGM and the Program Implementation manual, including the consultation and information sharing process.
- Introduce performance audits (including social audits).

Developing and implementing the environmental manual will require training and capacity building to different entities responsible for implementation. A training and capacity building program will be prepared during the first year of Program implementation and will include:

- Training for PCU/LIUs to classify projects category according to WBG requirements so as to screen off projects with significant environmental and social impacts. This will be provided by the WBG team upon recruitment of PCU/LIUs environmental and social staff
- Training for RBOs and EMUs on effective environmental auditing and inspection. This will take different forms, from traditional face-to-face training workshops to on-the-job training provided by PCU/LIUs staff.
- Training on risk assessment and management to be provided to RBOs, EMUs and management of industrial cities.
- Training on social impacts assessment including methods for carrying out quantitative and qualitative social surveys
- Train the relevant teams on the central and Governorate level on carrying out risk assessment and screening out for the projects/activities with high risk related to land.
- Training on consultation, communication and information sharing.
- Grievance redress mechanisms
- Participatory monitoring and evaluation
- Mechanisms for introducing beneficiary feedback
- Training on the application of the Land Acquisition Guidelines

1 Introduction

1.1 Background

Upper Egypt governorates lag significantly behind the rest of the country in economic growth, employment generation, connectivity, service delivery access and government capacities. Collectively, these factors are associated with high rates of poverty and deprivation. Indeed, regional welfare disparities are an enduring feature of poverty in Egypt: Upper Egypt has been and continues to remain the poorest region in the country. While the region is home to about 38 percent of Egypt's population, it contains 67 percent of the poor. The poverty rate in Upper Egypt was estimated at 35.8 percent in 2012-13, whereas the rate for the country was much below at 20.5 percent.

However, Upper Egypt has nevertheless been able to demonstrate some growth potential. Between 2004 and 2008, Upper Egypt registered higher growth than the average for metropolitan Egypt and the nation overall, driven mainly by agricultural activities around urban areas in Upper Egypt. The region has significant economic activity in certain types of agricultural activities, including off-season and organic horticulture and dairy production, and potential to expand in the extraction of mineral deposits such as granite and phosphates. The tourism assets in Luxor and Aswan fall within this region, and it lies inland of the Red Sea tourism resorts, which represent markets for food, handicrafts, and other goods consumed by tourists. Container terminal development in the nearby port of Safaga could make it a strategic access point to the proximate markets across the Arabian Gulf and south to Sub-Saharan Africa.

The full potential for private sector-led growth in Upper Egypt is yet to be realized. The two Upper Egypt governorates of Qena and Sohag, which have among the highest poverty rates in Egypt, contribute only 1.2 % of gross value added in the country, while comprising 9% of the overall population. Markets are underdeveloped and the formal private sector is small-scale and relatively under-productive. Local markets are weak and access to larger and more sophisticated markets are hampered by the relative non-competitiveness of local industry and sheer distance. Most economic activity is in small-scale agriculture with low productivity relative to the agricultural sector in Lower Egypt. Manufacturing labor productivity in Upper Egypt is also low, estimated to be about 70% of value added per manufacturing worker for Egypt overall. Three key constraints contribute to the relatively low level of private investment and weak economic activity in Upper Egypt: (i) *limited empowerment, effectiveness and accountability of sub-national governments*; (ii) *continuing low levels of access and poor quality of infrastructure and services* to both citizens and businesses; and (iii) *poor investment climate* and absence of support services for value-chain development. These three constraints are mutually reinforcing; improvements on any one is to a degree dependent upon the others. Addressing these constraints in a comprehensive, integrated and incremental manner is therefore key to unlocking the potential of Upper Egypt and thus reducing poverty and boosting shared prosperity in this lagging region.

The GoE has recognized the need for a differentiated strategy for lagging regions, and views an integrated approach to private sector-driven, local development as the best way of reducing poverty in lagging regions

like Upper Egypt. It is in this context that the GoE is launching the “*Inclusive Economic Development Program for Lagging Regions*” (IEDLR) to roll out a comprehensive approach to local development in the lagging regions for which it sees efficient and capable local governments, governorates and districts, as a pre-requisite. The GoE recognizes that while important infrastructure, social services, and job creation projects have been provided in Upper Egypt in the past, an alternative and integrated approach is needed to address the fundamental development challenges of the region to create jobs and reduce poverty. The IEDLR aims to replace the ‘*investment-only and centrally-planned*’ model of the past with a more comprehensive approach to local development. In doing so it would address one of the core weaknesses in policy-making at the local level, that have made past policies and investments ineffective, by empowering local governorates to plan and implement policies and expenditures, with increased accountability and inclusion of citizens and businesses in decision-making.

The proposed WBG financed Upper Egypt Local Development Program (UELDP) envisions helping implement the larger GoE program, the IEDLR, by (i) reducing regulatory barriers to private sector investments; (ii) enhancing the access to and quality of local infrastructure and services; and, (iii) strengthening the accountability of government and inclusion of citizens, in select Upper Egypt governorates. It is expected that through the combination of these factors, sustainable local development would be achieved, productive employment would be created, and, thus, entrenched poverty would be reduced, as envisioned in the GoE program.

1.2 The National Program

The objectives of IEDLR are to promote sustainable local development and create productive employment, in order to reduce poverty in the targeted governorates. The IEDLR has translated these objectives into three pillars: (i) improving citizen engagement, transparency, and monitoring and evaluation systems (ii) improving service delivery for citizens through effective local administration; (iii) improving competitiveness, infrastructure, and the business environment for private sector led growth.

The Inclusive Economic Development Program for Lagging Regions is guided by the Egyptian Constitution and the Egypt 2030 Sustainable Development Strategy. Constitution Article 236, which defines lagging regions as Upper Egypt, Matrouh, Nubia, and Sinai, indicates a citizen engagement approach will be used to guide development in these lagging regions; Constitution Article 176, which aims for administrative, financial, and economic decentralization; and Constitution Article 27, which emphasizes the principle of achieving prosperity through sustainable development, represent the fundamental principles which guide IEDLR. The recently approved *2030 Sustainable Development Strategy* further spells out Egypt’s economic development program, focusing on the need for efficient government institutions which aims to manage state resources with transparency, fairness, flexibility, subject to accountability, maximizing citizens’ satisfaction and responding to their needs.

Improving citizen engagement, transparency, and monitoring and evaluation is an umbrella pillar for the IEDLR. The GoE program strives to improve service delivery and private sector-led growth by establishing local economic development forums and by strengthening citizen engagement, feedback, and partnership mechanisms. The forums are currently being piloted in Sohag, Fayoum, Minya and will be rolled out to all governorates over the course of IEDLR. Public/private coordination platforms are also being used to communicate key challenges and needs to enable private sector growth in Upper Egypt. The program marks a fundamental policy shift and contributes to renewing the social contract by giving a greater voice to citizens and businesses setting priorities and the allocation of resources through an inclusive and transparent process.

Improving sustainable service and infrastructure delivery is a fundamental goal of IEDLR. The program will promote social and economic development through institutional and administrative reforms, and through targeted social programs aimed at improving livelihoods of the neediest. The government has recently adopted a new strategy for administrative reform to create an efficient and effective public administration characterized by professionalism, transparency, justice and responsiveness. These reforms will allow local government to better allocate resources and provide relevant services through Diwan Aams, Directorates and other agencies. IEDLR will also address the immediate needs of the poor through targeted programs that improve their livelihoods, such as income support programs (e.g., Takaful and Karama) that support villages in rural Egypt, and provide social housing.

Improving competitiveness, infrastructure, and business environment for private sector led growth is viewed as the ultimate driver of improved development outcomes in Upper Egypt. IEDLR will support the improvement of locally provided government to business services and the competitiveness of priority sectors that offer potential for economic growth and job creation by addressing constraints related to infrastructure and service, regulation, and markets. The IEDLR views key sub-national projects, such as the Golden Triangle development strategy and the 1.5 million feddan land reclamation program as complementary programs that could give rise to new opportunities for development, particularly in the agribusiness and mining/ quarrying sectors. The GoE has initiated business environment improvements through the Prime Ministerial Decree No. 2807 of 2015, which would be an important benefit for Upper Egypt industrial firms. The GoE will help SMEs and industries to improve their competitiveness through technical assistance services, value development programs, technology and innovation, training, skills development, and sector specific strategies. IEDLR will support the modernization of existing zones infrastructure and practices, as well as establish specialized clusters and SME areas within zones.

1.3 The PforR Boundaries

The PforR Program comprises the Upper Egypt Local Development Program (UELDP) and is aligned fully with the fundamental objectives of IEDLR. However, the UELDP focuses only on a subset of IEDLR's thematic areas and has a limited geographic scope. For instance, the IEDLR focuses on a wider range of activities across all of Upper Egypt including Megaprojects (i.e. Golden Triangle) and social safety net

programs (i.e. Takaful & Karama) which are important initiatives to create new investment opportunities and protect the vulnerable respectively. While UELDP will build-on these programs, it will not finance them directly; instead, UELDP will focus on a subset of activities which are key to enact systemic change critical to sustainable institutional reforms for an improved business environment and competitiveness, as well as infrastructure and service delivery. In addition, UELDP will target two of the ten Governorates of Upper Egypt, Qena and Sohag which were selected based on population size, poverty rates, geographic contiguity, economic potential, and governorate readiness. Lessons learned from UELDP could be applied to other governorates under IEDLR once evaluated at mid-term review. The Table below provides an overview of the alignment between UELDP and IEDLR activities.

Table 1. Alignment of the UELDP with the IEDLR

IEDLR Overview	UELDP Alignment
IEDLR Objective 1: Improving Citizen Engagement, Transparency, and Monitoring & Evaluation by:	Y
- Establishing local economic development forums in the governorates	Y
- Developing engagement, feedback, and partnership mechanisms for citizen	Y
- Establishing Public / Private coordination platforms	Y
IEDLR Objective 2: Improving Service and Infrastructure Delivery Through Effective Local Administration, by:	Y
- Carrying out key administrative reforms to gradually move to decentralization and improve service delivery (including strategic development plans and budgets at the Governorate and Markaz level).	Y
- Supporting administrative capacity and resources of the governorates to meet service delivery needs.(i.e. sanitation program, roads program and other deconcentrated service delivery)	Y
- Supporting the local development sector programs, on local roads and public transportation, street lighting, environment improvement, traffic, firefighting, and security, and local units support.	Y
o Employee Wages and Compensations	N
o Purchase of Goods and Services	Y
o Subsidy, grants and social benefits	N
o Purchase of non- financial assets (Investments)	Y
- Targeting socials programs aimed at improving livelihoods of those in most and immediate need.	N
o Takaful and Karama social safety net program	N
o Social Housing program	N
o 1000 Villages program	N
IEDLR Objective 3: Improving the infrastructure and regulatory environment for private sector led growth, by:	Y
- Identifying and completing missing infrastructure and facility needs for the value chain expansion in Upper Egypt, and in particular tying in village-based economies, to address geographical connectivity and market access. (includes roads program)	Y
- Stimulating private sector growth by attracting investment through mega-projects.	N
- Improving the regulatory frameworks and administration to create an attractive and efficient environment for growth and investment.	Y
- Improving the competitiveness of industrial sectors and SMEs, through technical assistance services, value development programs, technology and innovation, training, skills development, and sector specific strategies	Y
- Upgrading industrial zones and ensuring appropriate infrastructure is available for Upper Egypt to	Y

attract domestic and foreign direct investment.	
- Strengthening industrial zones and cluster development for SMEs and industrial sectors through facilitated infrastructure and linkages programs.	Y

1.4 Objectives of the ESSA

This document, the ESSA, has been prepared by the Bank team according to the requirements of the Bank's OP 9.00 for PforR financing for adequately managing the environmental and social effects of the program.

The ESSA aims at reviewing the capacity of existing government systems to plan and implement effective measures for environmental and social impact management and to determine if any measures would be required to strengthen them. The specific objectives of the ESSA are to:

- Identify potential environmental and social benefits, risks, and impacts applicable to the program interventions.
- Review the policy and legal framework related to the management of environmental and social impacts of the program interventions.
- Assess the institutional capacity of the environmental and social management system within the program system.
- Assess the program's system performance with respect to the core principals of the PforR instrument and identify gaps.
- Describe actions to be taken to fill the gaps that will input to the PAP.
- Describe the consultation process for the preparation and implementation of the program.

1.5 Methodology of the ESSA

1.5.1 Screening of Environmental and Social Effects According to the O.P 9.00 Tool

A preliminary risk assessment has been carried out using the Environmental and Social Risk Screening Format included in OP 9.00, and the likely environmental and social effects have been addressed. The overall environmental and social risks have been rated as substantial. More details are given in chapter 4.

1.5.2 Timeline and Approach to Consultations

The preparation of the ESSA involved a series of consultation activities that targeted a wide range of Stakeholders as well as the range of various ranks and specialties of governmental officials in the governorates of Sohag and Qena. Starting with a rapid social assessment that took place in November and December 2015, the Bank team has been engaged since then in intense rounds on consultations that helped in the preparation of this ESSA and in the design of the Program at large. Consultations included key staff from industrial zone management, representatives from local relevant governmental units, relevant directorates (Property Dept., Survey Directorate, Citizen Service Offices...etc.), including water and electricity. Number of investors and workers from the Industrial Zones (e.g. West Tahta) were also involved in the discussion. In addition to that, large number of NGOs and CDAs were involved in mini-consultations in the 2 Governorates. The Table below summarizes the main consultation events during the process of the

ESSA preparation. It also presents the consultations timeline including the dates of the key conducted activities.

Table 2. Summary of the Key Consultations Events Including Timeline

Gov	Date	Aim of the consultation meeting	Targeted participants of consultation	Participants (number)	Women (number)	Location(s)
Qena	11/04/2015	Rapid Social Assessment	Multiple stakeholders Department (with heads of Markazes and Industrial Zone)	12	2	Governorates and El Heaw and Qeft
Qena	11/04/2015	Rapid Social Assessment	Multiple stakeholders Department (Industrial Zones Dept. + Relevant City Heads + Investors).	19	2	Qena Governorate
Qena	11/04/2015	Rapid Social Assessment	Multiple stakeholders Department	7	1	Qena Governorate
Qena	11/05/2015	Rapid Social Assessment	Focus group with Youth and NGOs/CDAs	17	6	Qena Governorate
Qena	01/03/2016	Consultation for the ESSA preparation	Multiple Stakeholders meeting	12	1	Qena Governorate
Qena	01/04/2016	Consultation for the ESSA preparation	Meeting with NGOs/CDAs	21	0	Naga Hamady
Qena	01/04/2016	Consultation for the ESSA preparation	Technology Unit, Naga Hamady	8	4	Naga Hamady
Qena	01/05/2016	Consultation for the ESSA preparation	Meeting with NGOs/CDAs	15	7	Qena Governorate
Sohag	11/10/2015	Rapid Social Assessment	Multiple stakeholders (including youth and CDAs)	15	6	Diwan
Sohag	11/10/2015	Rapid Social Assessment	Industrial Zone			El Kwather

Sohag	11/12/2015	Rapid Social Assessment	Youth meeting + NGOs			Sohag Governorate
Sohag	01/16/2016	Consultation for the ESSA preparation	Meeting with NGOs/CDAs	17	8	EFDT
Sohag	01/16/2016	Consultation for the ESSA preparation	Meeting with Enactus	8	2	Business incubator
Sohag	01/16/2016	Rapid Social Assessment	Sohag Rotary Club	10	1	Rotary
Sohag	01/17/2016	Consultation for the ESSA preparation	Multiple Stakeholders meeting	8	0	Sohag Governorate
Sohag	01/18/2016	Consultation for the ESSA preparation	Meeting with Youth Investors	2	1	Nile Elite
Sohag	01/19/2016	Consultation for the ESSA preparation	Meeting with Youth Investors	5	1	Nile Elite
Qena	27/03/2016	Public Consultation for the review of the draft ESSA	Multiple Stakeholders consultation	85	16	Diwan
Sohag	28/03/2016	Public Consultation for the review of the draft ESSA	Multiple stakeholders consultation	89	27	Diwan
Total				311	85	

Annex 1 includes the registration sheets of the conducted consultations and annex 2 includes the photo log of the consultations.

1.5.3 Summary of the Main Consultation Activities

A) Consultation Activities During the Preparation of the ESSA

1. Consultative meetings with multiple stakeholders:

The ESSA team had a number of meetings and small workshops with the relevant departments in the targeted governorates. The team also met with the industrial zones and investors' representatives: Most important departments and offices met included but were not limited to:

- The Information Technology Department;
- The Citizens Service Department/Office of Citizens Complaints (OCC);
- The Properties Department;
- Directorate of Survey
- Industrial zones (El Kawthar, El Hew)
- Water and Wastewater Companies
- Directorate of Social Solidarity
- Urban planning in the governorate
- Evaluation and Performance Monitoring Department
- Engineering Office
- Utilities Department

The consulted stakeholders were asked about issues related to:

- The current system, resources, and mechanisms for acquiring land, community engagement, handling grievance and complaints, effluent quality control, sludge- and septage-handling systems, H&S procedures, and interaction with other stakeholders.
- The shortfalls in the existing systems.
- The proposed actions and recommendations to improve the existing system.

2. Consultative meetings with community members and other stakeholders from the Governorates

The team met with youth representatives, business men representative and large number of CDAs' members

The consultation with those groups of stakeholders helped the team gain a better understanding of the following:

- The current situation and the main issues in the governorates
- Aspirations of youth and their perceptions of what is needed to develop their Governorates
- Existing mechanisms for engaging with communities and how this could be improved
- How grievances are currently being handled.
- The main recommendations from the local stakeholders for better planning for the Program
- Land-related issues including how the process of land acquisition is being managed, impacts of land acquisition, and how the process could be improved.

B) Field Observations and Transact Walks

The team conducted a number of field visits and walks including passing through the segment of the road between Qena and Naga Hamadi. The team recorded observation on the status of the road and the vacant adjacent land that will be used for widening the road.

The results of the consultations were used in drafting the ESSA. Further consultations took place in March to verify the results of the draft ESSA with stakeholders in the Governorates.

C) Consultation Activities after the draft ESSA

After drafting the ESSA, two public consultation events were conducted in the two targeted governorates. The consultations took place between March 27 and 28, 2016. The Ministry of Local Development (MoLD) supported during the preparation of the public consultation. They prepared invitations and distributed them along with the Executive Summary of the ESSA in Arabic. They arranged for the team to host the event in the premises of the targeted governorates. As indicated in table 2, around 160 attended the two consultations with representation from women (43 participants) and significant participation from youth.

The main categories of the participants included:

- Department of CDAs in the Social Solidarity Directorate
- Science Center
- Property Administration
- Investment office
- Department of monitoring and evaluation
- Center of civil planning
- Citizen Services office
- Water and Sanitation companies
- Local Economic Department
- Information center
- Environment Management Units
- The regional branch for the Egyptian Environmental Affairs Agency
- Egyptian Environmental Affairs Agency in Cairo
- Transport directorate
- Manpower directorate
- Industrial zone administration
- Antiquities directorate
- Universities
- GIZ in Qena
- Directorate of Health

The consultation sessions were managed in a highly participatory and interactive manner. A presentation in Arabic language was delivered by the ESSA Team. This included the main areas covered in the ESSA including the existing environmental and social management systems (laws, procedures and capacities), the gaps in the current system and the areas for improvements, including how those areas are incorporated in the Program design (e.g. as a DLI, actions in the PAP or part of the PG manual). On the social front the main presented gaps included: 1) the absence of structured mechanisms to engage citizens as well as CDAs in

planning and implementing development projects, 2) the weakness related to the social impacts assessments within the national system, 3) fragmentation on the existing grievance mechanisms and the implications on citizens particularly the poor and vulnerable groups and 4) the weak capacities for handling social issues on the Governorate levels. On the environmental front the main presented gaps included: 1) the ineffective environmental assessment and follow-up system, 2) the lack of facilities for waste management 3) the limited capacity for implementing health and safety regulations and 4) the compliance with laws regulating water quality, air quality, noise and natural habitats. The feedback received from the participants involved a combination of the comments on the presented findings (have been considered in the ESSA) and ideas for enhancing the design, particularly on the measures for youth, women and CDAs engagement. In the meantime, participants also shared number of concerns, challenges and problems the governorates face and they think might be affecting the Program implementation. The main concerns revolved around the lack of participation of citizens, the marginalized role of the civil society organizations despite the immense potential as well as finance and bureaucratic challenges that hinder the development of the Governorates. Participants also shared idea about youth and women inclusion and many lessons learnt from previous experiences. Comments sheets were also distributed to participants who wished to leave comments in writing, Annex 3 includes details about the received comments which could be summarized as bellow.

- Coordination and working mechanisms within and among the entities is a critical challenge that may face the Program
- Awareness activities and capacity building for youth are very important and much needed
- The program should build on the existing experiences for citizen engagement and decentralization and work closely with the support unit of the local district.
- Inclusion of CDAs during the planning, the implementation and the monitoring and evaluation.
- Utilization of CDAs for citizen engagement activities should be guaranteed
- Concerns on how will citizen services office be able to reach out to all residents and how is participation going to be done, especially in order to integrate women and youth.
- Empowerment of SMEs and concerns about the lengthy procedure to receive loans and implement projects
- Cooperation between the Task Team and UN habitat is needed to develop the strategic plan for Qena through citizen engagement and capacity building of the local development unit.
- Decentralization, as supported by the current constitution, could be a solution to the problems faced while implementing projects.
- Need for a well-functioning Grievance Redress Mechanism (GRM) at the districts/marakez level.
- Creation of a website where Sohag's residents can discuss the main priorities of the governorate and innovative projects. This website could include a form for investors to apply through.
- Clearer views on the implementation procedures and timeline were requested
- Focus on ICT skills and related projects
- The capacity building and provision of equipment are key requirements for improving environmental management
- There is a high demand for improving solid waste and sanitation services in the two governorates
- The Program could support projects of environmental benefits

Along the life time of the Program, consultation should be always implemented as an ongoing process and efforts should be made to reach out to the vulnerable and marginalized groups to ensure that their voices are heard and incorporated at different stages. In particular, appropriate and culturally-sensitive arrangements should be in place to ensure that women, youth and the poor are represented and engaged. Arrangements and approaches to be followed should be elaborated in details in the social management manual that will be prepared for the Program.

2 Program Description

2.1 Program Development Objectives

The Program Development Objective is to improve the enabling environment for private sector-led growth and strengthen local government accountability and capacity for service delivery, in select Upper Egypt Governorates.

Progress toward the PDO will be measured through key result indicators that reflect the overall results areas of the Program

- a. Number of jobs created, of which are direct jobs
- b. Percent improvement in business environment at governorate level
- c. Governorates met performance targets to access infrastructure and service financing
- d. Number of people and businesses benefiting from improved access to quality infrastructure and services (% women)
- e. Percent of people and businesses expressing satisfaction with quality of infrastructure and services provided

2.2 Program Scope and Interventions

UELDP comprise two sub-programs: (i) improving business environment and competitiveness, and (ii) improving access to quality infrastructure and services. These sub-programs are enhanced through cross-cutting measures to improve citizens and business engagement at the local authority level. The Program implementation period will be about 5 years.

2.2.1 Sub-program 1: Improving the Business Environment and Competitiveness

The Program will introduce an integrated approach to improving the business climate and competitiveness anchored at the governorate-level, including: (i) improving local access to better government-to-business (G2B) services such as registration, licensing, and construction permits; (ii) targeted sector-specific initiatives for catalyzing investment and removing obstacles to business; and (iii) improving the management and services in industrial zones.

Improvements in G2B services will consist of the effective implementation at the local level of ongoing national reforms in the business environment, particularly in the areas of registration, industrial licensing and issuance of construction permits. The ongoing reform of industrial licensing, which is supported by the *Fiscal Consolidation, Sustainable Energy, and Competitiveness DPF*, will call for implementation measures at the governorate level. Processes for obtaining an operating license, construction permit, electricity connection, and other services will be simplified with technical assistance provided by the Sub-national Doing Business program. These reformed processes will be rolled out in the two governorates through the introduction of an Information Communications Technology (ICT)-enabled Government to Business (G2B) service delivery platform that will also provide transparency and feedback on the quality of service delivery

within the district service centers. Furthermore, GAFI's strategy to roll out One Stop Shops for business registration and post-registration procedures (for limited liability companies) in each governorate will be fast-tracked in Qena and Sohag.

Sector-specific initiatives will support investments and coordination measures that catalyze private investment in emerging industries. These measures will be demand-driven with strong private sector participation in their identification and implementation. Economic clusters in Sohag and Qena will be prioritized through consultations with the private sector based on a strategy that emphasizes natural resource-seeking and market-seeking investments (such as agro-industry, processing of stone, and other minerals) and potential for job creation, particularly as linked to the rural poor. Initiatives to improve cluster competitiveness and catalyze private sector investment will be devised jointly with the private sector on the basis of value chain and market analysis and the endorsement of the Local Executive Council in the governorate (see Section III. A. Implementation Arrangements). The public sector actions may include sector-specific reform actions and cross-sectoral policy and regulatory reforms to be taken up through the Program to coordinate action by governorate and central government ministries and agencies. Public investments may include the provision of sector-relevant public goods, including infrastructure and services (such as industrial zone services, compliance test labs, or local marketplaces). The cluster initiatives will have a strong focus on investment promotion, with the aim of attracting anchor investors and promote opportunities for public-private partnership. Government business development service (BDS) programs for firm-level capacity and skills development, such as those offered through IMC, will be retooled to better serve the scale and needs of firms in the governorates with an emphasis on market-based and demand-driven approaches.

Improvement of industrial zone management and services will serve as a cross-cutting policy action and investment for all industrial sub-sectors. Currently, a disconnect between governorate level and central government agencies has left a gap in strategic planning and management of the zones. A fundamental change in industrial zone management, including the provision of decentralized licensing and regulatory services, promotion, tenant services and maintenance, the promotion of mixed-use in the zones, will be introduced in the six industrial zones in Sohag and Qena. This will be achieved through the development of an industrial zone management framework to be agreed between IDA and the governorates as well as investments, capacity building, and allocation of an O&M budget; the ultimate goal is to shift industrial zone development and management to the private sector. The Program results aim for introducing private management of at least one industrial zone in each governorate during the course of the Program. Industrial zone infrastructure upgrading will also be supported based on the revealed investor demand for improved power, water, internal roads, and other services, as well as demand for SME shells to enable entry of small enterprises without the long and costly process of land allocation.

Early year investments in this sub-program are expected to focus on improvements in the governorate service centers and industrial zone upgrading plans. Investments in government-to-business service centers could potentially begin upon effectiveness, given the readiness of GAFI to create the one-stop-shops,

especially in Sohag. On industrial zone services, unfunded needs in infrastructure services already identified in the Governorates could form part of the first year investments.

2.2.2 Sub-program 2: Improving Access to Quality Infrastructure and Services

The Program will operationalize reforms to make the governorates more efficient and results-oriented in providing infrastructure and services critical for citizens and businesses. Sub-Program two will operationalize key Government reforms to empower Governorates with increased devolved authority coupled with greater accountability. Egyptian governorates have been subject to several contradictory laws and regulations that have limited their ability to undertake effective socioeconomic development planning. The draft Unified Planning Law harmonizes those laws and offers governorates the ability to undertake better integrated planning with more citizen and business participation in the process. The Program also provides an opportunity to operationalize the reforms anticipated in the new Local Administration Law. In operationalizing these reforms, the Program will enable governorates to: (i) better identify needs, and fill them in a coordinated rather than fragmented manner; (ii) expand access to critical infrastructure and services over which they previously had limited influence; and (iii) address critical sustainability challenges through improved focus on operations and maintenance. It will do so by introducing a performance-based grant mechanism that measures progress in governorate performance and links that progress to infrastructure and service financing from the central government to the governorates.

Governorates will be equipped with the means to better prioritize and more effectively deliver critically needed infrastructure and services: better local planning and increased citizen and business engagement. It will do so through improving the participatory planning process and increasing governorates' influence over the range of infrastructure and services provided. Specifically, it will improve the governorates' needs identification and prioritization process by: (i) operationalizing the recent Government reform introducing strategic development plans (SDP) at the governorate level; and (ii) enabling greater citizen and business engagement in the governorates planning process. It will enable Governorates to increase infrastructure and service provision beyond their current narrow sphere of influence by allowing them to fund infrastructure and services delivered by deconcentrated service directorates, the *mudiriyet*, through agency agreements. This expansion will enable governorates to influence development priorities such as regional roads, water/sanitation, electricity, which are critical to boost competitiveness and the business environment, in addition to the five relatively limited areas currently under the governorates' remit (local roads paving; street lighting equipment and works; environment improvement and solid waste management; traffic; and local units' support). The specific subsectors eligible to be covered are outlined in the Program Investment and Expenditure Menu as defined in the Program Operational Manual (POM) which also identifies excluded activities (as indicated below). The Program will also help address critical sustainability challenges by affording governorates more financing for operations and maintenance, and equipping them with tools to help manage assets. While there cannot be, at appraisal, an estimate of the likely sectoral split of investments and expenditures over the totality of the Program period, lead sectors

are likely to include local and regional roads and transportation³, electricity, as well as water and sanitation – as these sectors tend to absorb more financing needs. Furthermore, a large scale early year investment in a highway important for improving connectivity for Qena Governorate has been identified.

The Program will incentivize and measure governorate performance through the introduction of a performance-based grant mechanism. Governorates' ability to access annual indicative fund allocations for infrastructure and service expenditures they will undertake through the Program will be subject to their ability to pass an annual institutional performance assessment. The condition that Governorates receive the funds subject to performance offers dual benefits: (i) it reassures the central government and citizens that the governorates are fulfilling institutional performance expectations in advance of receiving funds; and (ii) it helps identify areas of strength and weakness in the governorates' performance. The indicators in the assessment are linked to key governorate performance constraints, and include both minimum access criteria, such as the introduction of participatory planning, disclosure requirements, etc., as well as performance targets, such as development of operations and maintenance plans, citizen report cards, use of feasibility studies for major investments, etc.

2.2.3 Cross Cutting Theme: Citizen and Business Engagement

The implementation of both Sub Programs will be enhanced through the integration of citizen engagement as a means to strengthen the credibility of subnational institutions, enhance government accountability and restore citizens' confidence, in order to renew the 'social contract' between citizens and local authorities. UELDP will support a package of measures that institutionalize citizen engagement in Sohag and Qena. These include: (i) *participatory planning*: strengthening citizen and business participation in the identification, implementation and evaluation of sub-national investments through participation in the annual planning and budgeting process and enhancing access to information; (ii) *complaints handling*: harmonizing and upgrading (via ICT) the different grievance redress mechanisms (GRMs) operational at the governorate and district levels; and (iii) *beneficiary feedback*: introducing a system of gathering regular citizen feedback through the introduction of citizen report card surveys and other ICT-enabled feedback tools at the Governorate level. Alongside these efforts, as noted above, an ICT-enabled G2B and G2C service delivery platform will be supported to provide more *transparency* access to information and more efficient and responsive services to both businesses and citizens. These citizen engagement measures have been embedded in the design of the overall Program through inclusion in the performance metrics for the two sub-programs as well as in the Program Action Plan.

2.2.4 Investment Menu and Excluded Activities

Program funds are allocated to the Governorate level. Program expenditures are constituted by the projected five year (FY 2017 to FY 2021) Governorate *diwan* expenditures, with Bank financing being fully additional to the Governorate *diwan's* currently budget allocation projected over the next five years. The

³ Pre-appraisal estimates suggest that local and regional roads could absorb up to US\$ 100 million over the Program period.

Program will fund expenditures related to activities that fall under the direct responsibility of the Governorate *diwan* (local roads paving; street lighting equipment and works, environment improvement; civil defense, traffic and security; and local units' support), as well as activities implemented through deconcentrated service directorates of Ministries (regional roads, water/ sanitation, and electricity). In addition, the Program will fund targeted activities that enable private sector led growth that are largely provided by the Ministry of Industry and Trade and its associated entities, e.g. market and value chain development, business development services, skills development, and existing industrial zones upgrading and management. The total Program financing is about \$ 980 million, in which IBRD financing is \$ 500 million. A sample table of governorate expenditures through the performance grant are listed in the investment and expenditure menu in Annex 4.

The governorates' local and regional road investment and O&M needs for the next five years are projected to amount to \$100 million. This comprises \$45 million for the widening of a 44km portion of the Western Desert Road connecting Qena and Nagi Hammadi and \$10 million for maintaining it⁴. It also comprises another \$45 million for local road maintenance, road safety features, and speed bump removals on agricultural roads in the two governorates.

The Program would exclude activities that do not meet Bank policies on eligibility for PforR financing. Specifically, the Program will not include activities assessed to have a significant adverse impact on the environment and/or affected people, as defined in the Policy and Directives on PforR Financing, as well as works, goods, and consultancy contracts above the Operations Procurement Review Committee thresholds. The POM will detail the implementations entities management arrangement to ensure that no excluded activities will be included under the Program and the Bank will screen Program execution to ensure compliance with PforR policy requirements during implementation.

There is a negative list of investments that contains items for which the PG funds cannot be used. They include:

- Roads - Construction or rehabilitation of roads that require significant resettlement of people (more than 200 people).
- Power generation plants
- Landfills
- Bridges that connect Nile Islands to roads – Nile islands are considered natural habitats and such bridges can cause significant impacts to the island.
- Productive Activities – No productive activities with the exception of hygienic slaughterhouses.

⁴ This is a 44 km segment of the Western Desert Road, located between Qena and Nagi Hammadi. This road section is of particular importance for Qena Governorate since it links Qena with large scale factories in Nagi-Hammadi and the large industrial zone of Al Hew which could an important role for Qena's future development. Also, large tracts of new agricultural land (both already developed and to be developed) are located directly along this road.

All works related to construction of new road sections, bridges, fords, culverts, solid waste transfer stations, composting plants, biogas plants, urban drainage, flood control, industrial zones upgrading facilities/equipment, cluster competitiveness initiatives or other projects or activities that could have significant resettlement impacts, economic displacement or physical displacement will be screened according to their environmental and social impacts significance on a case by case basis as it may fall under the exclusion criteria for the operation, as further detailed in this ESSA.

2.3 Institutional Set-up

Implementation responsibilities by level of government. The institutional arrangements of UELDP are based on the governance structure of central and governorate level functions in Egypt, with a clear division of responsibilities between levels of government and consistent with existing legal provisions, regulations, and guidelines. The implementation structure comprises: an inter-ministerial Steering Committee (SC); a Program Coordination Office (PCO); the Local Executive Council (LEC) in each Governorate; and a Local Implementation Unit (LIU) in each Governorate.

Inter-Ministerial Steering Committee (SC) with oversight over the GoE's Government program as it relates to Upper Egypt, including but not necessarily limited to UELDP. The SC comprises the Ministry of International Cooperation (MoIC), the Ministry of Industry and Trade, (MIT), the Ministry of Local Development (MOLD)—all three represented at the Ministerial level, as co-chairs of the committee--the Ministry of Finance (MoF), and the Ministry of Planning (MoP). The Governors of Sohag and Qena attend and report to the meetings of the Steering Committee. The SC's role is to set strategy, review strategic plans, and review outcomes to guide the direction of the Program. The SC meets annually or semi-annually, in addition to ad-hoc meetings which may be called by any of the SC members or the Governors.

Program Coordination Office (PCO) at the central government level for coordination among GoE entities. The PCO acts as the Secretariat to the SC, and: (i) interfaces with World Bank on Program management, reporting, and monitoring & evaluation; (ii) hires and interfaces with IVA; (iii) carries-out inter-ministerial and inter-agency coordination on policy and technical agenda at the national level; (iv) assesses performance of Governorates implementation of the Program; and (v) reviews Program financial audits. Through the primary responsibility for fiduciary and social and environmental management will rest with the LIUs, fiduciary and social and environmental advisors will be added to the PCO to provide support to the LIUs, as necessary.

Local Executive Councils (LEC). Chaired by the Governors, the LECs are already functioning within the governorates and consist of the members of the Governorate Executive Council (*diwan* and *mudiriyat* representatives) as well as technical staff in the governorate from other key ministries and agencies (MTI, MOLD and others). This Council will review and adopt the implementation plans of the program and decide on Program funding allocations. The LEC will have multiple roles in the Program, including: (i) reviews and endorses plans for participation and consultation of citizens and private sector on the annual implementation plans; (ii) reviews/endorsees annual implementation plans and Program funding allocations;

(iii) reviews/endorsed cluster development priorities and cluster action plans; and (iv) reviews results and endorses changes to the endorsed plans during implementation. LECs will publicize the annual implementation plan and invite citizens and the private sector to appear before them to comment prior to adoption. The LECs are expected to form a sub-council to fulfill these roles which would meet more frequently and include membership from ministries and agencies directly mandated with service delivery and economic development, including but not limited to the Ministry of Local Development, Ministry of Trade and Industry, and Ministry of Planning.

Local Implementation Units (LIUs): *one* in each governorate, responsible for all elements of implementation and technical aspects of the project. The LIUs will comprise Governorate staff and consultants, and will be supported by ministries or other public entities (such as IMPA, GARBL, IMC, or ITIDA) or outsourced private entities (such as consulting, investment, or engineering firms). The LIUs take direction from LEDCs on the plans, funding allocations, and implementation of the Program, but have reporting lines to the PCO on financial reporting, implementation progress, and coordination on policy and technical issues at the central government level.

2.4 Disbursement-linked Indicators

PforR funds will be disbursed through six Disbursement linked indicators (DLIs). These have been selected to reflect critical elements of performance required to achieve the PDO. The DLIs are summarized in the table below.

Table 3. Summary of DLI

DLI	Definition and Coverage	Amount
Governorates improved delivery of regulatory services to businesses in the governorates	Regulatory services are improved in two ways: 1) decentralized Services provided through GAFI one-stop-shops are provided within the governorates, and 2) G2B services through the district service centers are improved (measured by an improvement in processing time of key services, operational licenses and construction permits).	30
Governorates launched and implemented cluster competitiveness initiatives	Governorates implement cluster initiatives to enhance competitiveness and promote investment.	50
Governorates improved management and services of industrial zones	An industrial zone management framework providing for authorities, responsibilities, and standards for industrial zone management and services and industrial zone upgrading plans was developed, agreed, and implemented in all zones in the two Governorates. At least one zone in each Governorate is managed privately or through PPP arrangement by the end of the Program.	60

Governorates fulfilled minimum access criteria to improve transparency, citizen engagement, and accountability	Governorates have fulfilled annual minimum access criteria (MACs). The MACs comprise a small set of institutional measures to improve transparency, citizen engagement and accountability. They are necessary conditions for the governorates to receive any of their annual indicative allocations for the performance grant. The MACs are outlined in the Performance Grant Manual (PGM).	100
Governorates met performance targets to access infrastructure and service financing	Governorates have undertaken an annual performance assessment, as outlined in the PGM, and received a portion of their performance grant allocations commensurate with their performance. Performance targets, are defined in the PGM. The scores are rendered null if the governorates do not also fully comply with the MACs	180
Governorates met threshold for quality audit for a cumulative E£ of infrastructure and service	Program Governorates administered technical quality audit of infrastructure and services provided through the Program, win line with technical audit parameters as outlined in the POM.	80
<i>Total</i>		\$500 m

3 Description of the Existing Environmental and Social Management System

In general the local legislation, policies and guidelines sufficiently addresses the environmental and social issues associated with the Program, however, the capacity of implementing agencies in the governorates is not as robust. Description of the current procedures and correspondent gaps in complying with national legislation, policies and guidelines are discussed below, while Chapter 6 includes measures for improving the system.

3.1 Policy and Legislation

3.1.1 Environmental Assessment

Environmental assessment for projects is included in Law 4/1994 modified by Law 9/2009 or the 'Law for the Environment' which is the main legislation regulating environmental protection in Egypt. It is being regulated by the Ministry of State for Environmental Affairs (MSEA) and its executive agency, the Egyptian Environmental Affairs Agency (EEAA). Since the law came into effect in 1994, significant improvements have been introduced to the environmental legal system based on the experience gained from implementing the law in the last 20 years.

The Country Environmental Analysis (CEA) report for Egypt, issued by the WBG in 2005, indicates that, historically, the enforcement of environmental laws in Egypt has not been very successful mainly due to fragmentation among regulatory institutions, licensing agencies, and police authorities. The CEA further clarifies that since 2003, there have been substantial efforts to improve this situation as "major institutional and organizational reforms have taken place within the Environment and Surface Water Police of the Ministry of Interior. The Central Department for Environmental Inspection and Environmental Compliance in the EEAA was further strengthened. Periodic monitoring and inspections are carried out by this directorate, especially for controlling air emissions and wastewater discharges. Furthermore, the preparation of environmental registers and compliance action plans has increased as a result of the continued monitoring of the various commercial and industrial establishments."

According to Law 4/1994 the EIA is a licensing requirement for development projects that are likely to have an impact on the environment. The EEAA issued guidelines for preparing the EIAs in 2005. These guidelines were modified in 2009 and are currently being reviewed for possible modifications in the assessment categories.

The CEA indicates that the features of the Egyptian EIA system are generally compatible with the corresponding features of the Bank's OP 4.01, but with few gaps regarding the preparation and follow up of the Environment Management Plans (EMPs) and the consultation, disclosure, and dissemination of the EIA reports. However, the CEA mentioned that since 2004 there have been serious efforts by the EEAA to improve EIA information dissemination through the design of an EIA database. After 2005, when the CEA was issued, there were significant improvements to the EIA systems that have, to some extent, bridged those gaps. The requirements for consultation and dissemination of EIA reports have been officially added

to the EIA requirements in the guidelines issued by the EEAA in 2009. These guidelines have been drafted with support from the Bank and in consistence with its general requirements. The social aspects have also been integrated in the new guidelines. The definition of the EIA according to the guidelines reads, “The EIA process is the systematic examination of consequences of a proposed project, aiming to prevent, reduce or mitigate negative impacts on the environment, natural resources, health and social elements as well as capitalize on positive impacts of the project.” The social aspects are integrated in the guidelines through the EIA screening process, description of baseline conditions, assessment of impacts, analysis of alternatives, and preparation of management plans. On the other hand, the preparation, implementation and follow-up of Environmental and Social Management Plans (ESMPs) are still weak as will be further clarified in the ESSA.

Currently, the EIA Guidelines classify projects into classifications according to their expected impacts.

- Class C, which includes high-impact projects (equivalent to Category A, according to WBG classification) requiring full-fledged EIA.
- Form B projects, requiring Form B EIA with less level of details than Class C EIA.
- Form A projects, requiring Form A EIA with less requirements than Form B projects.
- Special condition projects which do not require the EIA but will be licensed given that the project developer will comply with certain standard requirements.
- Projects that are not subject to the EIA and environmental licensing system

For different infrastructure services that falls under the sectors supported by the PGs, the Table below indicates how they are currently classified under EEAA EIA Guidelines of 2009.

Table 4. Screening of the Program’s Environmental and Social Impacts (new activities)

Type of Project	Category
New industrial estates	C
New urban development (such as new residential area)	C
Wastewater treatment plants including sanitation systems	C
Public/central Construction of water treatment or desalination plants	C
Large transportation systems and highways, including the underground, bridges and tunnels	C
Internal highways in cities	C
Hazardous wastes treatment or disposal facilities	C
Facilities involved in solid or liquid hazardous waste recycling or reuse	C
Projects/ sites of sludge treatment	C
Sanitary landfills	C
Municipal/central slaughterhouses	C
Compact water desalination units/plants	B
Cleaning works of main waterways	B
Medium-size irrigation and drainage projects	B
Transforming stations with electrical transmission lines	B

Compact solar power units	B
Facilities involved in recycling, reuse and processing liquid or solid non-hazardous wastes	B
Industrial wastewater treatment plants for individual facilities	B
Industrial waste treatment units for individual facilities	B
Manual slaughterhouses	A
Public garages that undertake maintenance	A
Construction of a transforming station without transmittal lines	A
Garages of private cars and taxicabs, with a total area more than 75 m ² , and trucks garages (all do not include carrying out maintenance work)	SC
Cars-body repairing workshops	SC

The only gap in the existing system, compared to the WPG environmental and social assessment requirements, is that category B projects do not require consultation and disclosure. This gap has been addressed in the PAP.

3.1.2 Handling of Hazardous Substances and Wastes

The handling procedures of hazardous substances and wastes are included in Law 4/1994 with adequate level of details. These procedures include identification, segregation, labeling, documentation, monitoring, and emergency response. Such procedures are generally in conformity with the recognized international standards.

Although some threshold concentrations of some indoor pollutants and their correspondent exposure periods are relatively high, such high thresholds are not expected to have an important impacts during the 5-year implementation period of the UELDP, if compliance with Law 4/1994 would be improved during that period. The procedural gaps in complying with the Law is further discussed later in this Chapter. The most important measure that would be useful to add is the identification of the secondary containment requirements for storage tanks. Where Law 4/1994 stipulates that the storage should be according to adequate engineering requirements it does not specifically demand having an impervious secondary containment of 110 percent of storage tank volume. This gap is addressed in the Program Action Plan (PAP).

3.1.3 Air Quality

Ambient air quality standards of Law 4/1994, according to the latest modifications of 2012, include standard limits for SO₂, CO, NO₂, O₃, particulate matter (PM), PM₁₀, PM_{2.5}, Pb, and NH₃. Those limits generally meet the interim targets of the WHO ambient air guidelines, with few exceptions, while they are much less stringent than the guideline values.

For air emission from point sources, Law 4/1994 provides certain standards for minimum height of stacks as well as allowable limits for PM, CO, SO₂, and NO_x. The Law stipulates that stack height should not be less than 18 meters for emissions less than 15 kg/hr and 2.5 times more than the height of surrounding buildings if the emissions are more than 15 kg/hr, which, although relatively stringent, would provide good dispersion of pollutants.

In terms of emission standards, the latest update of the Executive Regulations of Law 4/1994 comprised comprehensive emission standards for different types of industries as well as for cross cutting activities, such as fuel combustion. The standards are compatible with many international emission standards.

Table 5. Air emissions standards for fuel combustion in Law 4/1994

Parameter		Law 4/1994 Standards ⁵					
		Nat. Gas	Coke gas	Diesel	Mazout	Coal	Ag. waste
TSP (mg/m ³)	Engines	50	-	100	-	-	-
	Turbines	50	100	100	100	100	100
	Boilers	50	100	100	100	100	100
CO (mg/m ³)	Engines	150	-	250	-	-	-
	Turbines	100	300	250	250	300	250
	Boilers	100	300	250	250	300	250
SO ₂ (mg/m ³ unless otherwise stated)	Engines	100	-	400	-	-	-
	Turbines	150	350	1300	1500	1300	100
	Boilers	150	350	1300	1500	1300	100
NO _x (mg/m ³)	Engines	600	-	600	-	-	-
	Turbines	500	500	500	500	500	500
	Boilers	500	500	500	500	500	500
Lead (mg/m ³)	Turbines and engines	-	-	-	2	-	-
Mercury (mg/m ³)	Turbines and engines	-	-	-	1	-	-

3.1.4 Water Resources

Nile Protection Law 48/1982 is the main legislation regulating water quality in the River Nile its two branches, canals, drains, and groundwater aquifers. The law sets certain standards for ambient water

⁵ Standard conditions of maximum limits in Law 4/1994 are 1 bar, 273 kelven and 7% oxygen

quality in freshwater bodies, drains that are discharging to freshwater bodies, and effluents that are discharged (from the domestic wastewater treatment plants and industrial and tourist facilities) to freshwater bodies and drains. The effluent standards that should be followed by WWTPs are shown in the table below.

Table 6. Effluent Standards for the WWTPs Discharging to Drains under Law 48/1982

Parameter	Allowable limit	Parameter	Allowable limit
pH	6–9	Chromium (mg/L)	0.1
Temperature	<3°C above receiving watercourse	Copper (mg/L)	0.5
Biochemical Oxygen Demand (BOD) (mg/L)	60	Nickel (mg/L)	0.5
Chemical Oxygen Demand (COD) (mg/L)	80	Zinc (mg/L)	2
Dissolved Oxygen (mg/L)	>4	Iron (mg/L)	3.5
Oil and Grease (O&G) (mg/L)	10	Total coliform (Most Probable Number/100 mL)	5,000
Total Dissolved Solids (mg/L)	2,000 In coastal areas: 5,000	Aldrin and dieldrin (mg/L)	0.015
Total Suspended Solids (mg/L)	50	Alachlor (mg/L)	0.1
Sulfates (mg/L as H ₂ S)	1	Aldicarb (mg/L)	0.5
Free cyanides (mg/L)	0.1	Atrazine (mg/L)	0.1
Phenols (mg/L)	0.05	Bentazone (mg/L)	0.15
Mercury (mg/L)	0.01	Carbofuran (mg/L)	0.35
Lead (mg/L)	0.1	Chlordane (mg/L)	0.01
Cadmium (mg/L)	0.003	2,4-Dichlorprop (mg/L)	0.5
Arsenic (mg/L)	0.05	Fenoprop (mg/L)	0.5
Selenium	0.1	Mecoprop (mg/L)	0.45

Although the effluent standards in Law 48/1982 are not highly stringent when compared to effluent standards in other countries, the application context in Egypt shows that it is actually very demanding. This is mainly due to the large uncovered areas with sanitation services and the amount of investments needed to connect those areas to secondary treatment systems compliant with the above standards. Also, some WWTPs which are overloaded require further investments to meet the effluent standards set by the law through capacity extensions.

It is worth noting that wastewater discharge to sewers is regulated by Law 93/1962 and Decree 44/2000, which provides certain water quality standards for industrial facilities to be able to discharge their effluents to the sewerage system. Decree 44/2000 also regulates the use of treated effluent from WWTPs in irrigation in which secondary treatment is the minimum requirement for irrigating some crops, while primary treatment would be sufficient for irrigating tree forests.

3.1.5 Noise

In addition to standards of occupational noise and correspondent exposure periods, Law 4/1994 includes standards for ambient noise during night and day. The ambient noise standards generally conform to international standards, but does not put a limit on the increase in ambient noise caused by new activities (usually an increase less than 3 dB is acceptable. The impacts on ambient noise levels will be minimal, with exception of some interventions such as roads, therefore the additional condition of 3 dB will only be effective in few cases, and this would be captured by the improvements in ESIA process as further illustrated in the PAP.

The maximum occupational noise allowed by Law 4/1994 for establishments that have been licensed before 2011 is 90 dBA for eight hours. The thresholds, although relatively high, would provide good protection to workers if complied with, however, the main gaps are in compliance with such requirement.

3.1.6 Solid Waste Management

Law 38/1967 regulates general cleanliness and solid waste management, which requires waste generators to collect their wastes in designated locations by the local authorities and prohibits the open dumping of solid waste in vacant lands. The Law is usually further tailored by decrees from governorates to the local conditions, identifying the authorized location for solid waste disposal and regulating the collection services of waste. In 2005 a decree has have been issued to add solid waste services fees to the electricity bills and this has been taken forward by local authorities which identified certain fees for different types of households.

3.1.7 Health and Safety

The Labor Law (Law 12/2003) is the main legislation regulating H&S issues, the Law comprises a Chapter on working environment and health and safety issues, and also includes a comprehensive annex on the safety standards to minimize biological, chemical, physical and dynamic risks.

Biological risks are related to working in areas exposed to pathogens. The Law identified certain requirements for safeguarding against getting infected, these requirements include having a system for safe handling of food in designated areas within the establishment, regular vaccination for the workers against correspondent pathogens, provide adequate PPE, carryout adequate cleaning and housekeeping, provide facilities for personal hygiene, provide healthcare and first aid equipment and provide training.

Chemical risks are related to the exposure to harmful chemicals, the Law stipulates that the hazardous substances should be adequately labelled and should be handled according to their Material Safety Data Sheets (MSDS). The handling of hazardous chemicals is also regulated through Law 4/1994, as indicated earlier, which requires licensing and record keeping for the handling of such substances.

The physical risks identified by Law 12/2003 includes heat stress, cold conditions, noise and vibrations, light intensity, explosion, radiation and pressure. The noise standards are the same limits stipulated in Law 4/1994. Also light illumination standards are given in the law for different types of work.

Electric risks are considered in Law 12/2003 among the dynamic risks, and there are requirements to ensure adequate insulation of live electric conductors and instruments.

Law 12/2003 also comprise stipulations for regulated establishments for taking measures to protect against fire risks, and should abide to the requirements of Civil Defense Department, including installing fire detectors and adequate extinguishing equipment. Furthermore, The National Housing and Building Research has issued the Egyptian Code for protecting structures from fire in four parts detailing the requirements that should be taken during design, finishing and operation of different buildings to safeguard against fire risks. The Code has been prepared, as indicated in its introduction, according to international standards such as the US National Fire Protection Association and the British Standards.

Generally, the H&S laws and standards are comprehensive and provide adequate protection for staff and visitors of healthcare facilities from different H&S risks.

3.1.8 Natural Habitats

In 1998, The Prime Minister Decree 1969/1998 has stipulated that 144 islands of the River Nile are regarded as natural protectorate, in which developmental activities are regulated by the Law 102/1983. The Law restricts the establishment of structures, roads, agriculture, industrial or commercial activities unless a permit is granted from the Prime Minister. Although the Decree has been issued for about 15 years, many islands in the Nile already had many developments (houses, infrastructure, agriculture lands, industries ... etc.) which could not be changed after issuing the Decree.

3.1.9 Cultural Heritage

Law 117/1983 has been issued for protection of antiquities and culturally valuable sites. Being one of the richest countries of the World with antiquities from ancient civilizations, the GoE gives the Law high importance and weight. The Law includes stipulations for structural protection of known and unknown antiquities through certain procedures for chance finds. The stipulations of the Law would adequately safeguard against negative impacts during construction phase of the Program interventions.

3.1.10 Land Issues and Legal System in Egypt

Under UELDP, two main land- related issues will be encountered. The first issue is the land allocation for investors and other users within the Industrial Zones and the second issue is the potential land acquisition that may take place to implement the various type of service delivery interventions (e.g. internal roads, sanitation ...etc). The following section will examine the main laws and legislations that regulate the t

Land Acquisition for Implementing Service Delivery Projects

The public land management in Egypt is divided between: (i) multiple central government authorities are divided along sectoral lines and controlling public land outside of the Zimam and (ii) local governments are divided between geographic lines and controlling public land within the Zimam. Zimam means the boundaries of cultivated and uncultivated agricultural lands that have been historically surveyed by the Egyptian Survey Authority, included in the Real Estate Tax Department's (RETD) land and property tax registry, and which are subject to the agricultural land or property tax.

A) Land Tenure

There are three main forms of land ownership in Egypt:

- Public or state land (*amlak amiriya* in Arabic) which is divided into the state's public domain that cannot be alienated and the state's private domain which can be alienated generally through sale, lease, *takhssiss* (that is, transfer of ownership conditional on meeting certain criteria such as keeping the land use unchanged and paying the remaining instalments of the land price), or *haq intifaa* (that is, usufruct);
- Private land (*mulk horr* in Arabic), which may be alienated or transferred freely; and
- Waqf land (land held as a trust or an endowment for religious or charitable purposes) which is often subject to covenants on transfer or use and which is typically transferred through leasehold or usufruct.

B) Egyptian Constitution

The Egyptian Constitution recognizes three main types of ownership. Article 33 of the 2014 Constitution provides that "the State shall protect ownership with its three types: the public, the private, and the cooperative."

Article 35 of the Constitution further provides that "private properties shall be protected, and the right to inheritance thereto is secured. It is not permissible to impose guardianship thereon except in the cases defined by law and by virtue of a court judgment. Expropriation shall be allowed only in the public interest and for its benefits, and against fair compensation to be paid in advance according to the law."

According to the Constitution (Article 63), "all types of involuntary relocation using force or excessive violence is banned and whoever violating this article will be brought to court." According to this article, it is

understood that amicable procedures for private property expropriation is guaranteed by law. The competent jurisdiction shall be entitled to take cognizance of the lawsuits raised by individuals against the administration for appropriate compensations.

C) Other Relevant Laws and Regulations

As mentioned above, the Constitution prohibits the expropriation of private property except for public interest against compensation determined pursuant to the law. Law 10/1990 concerning the expropriation of ownership for public interest was issued to reflect this constitutional mandate. In addition, expropriation of property is further regulated by Law 59/1979 concerning the establishment of new urban communities and Law 3/1982 concerning urban planning.

The term 'public interest' in the context of expropriation has been defined in article 2 of Law 10/1990. The article specifies the acts that are considered for public interest. These include:

- Constructing, widening, improving, or extending roads, streets, or squares, or the construction of new districts;
- Water supply and sewage projects;
- Irrigation and drainage projects;
- Energy projects;
- Construction or improvement of bridges, crossroads for railway, and tunnels;
- Transportation and telecommunication projects;
- Urban planning purposes and improvements to public utilities; and
- Other acts considered as acts for public interests mentioned in other laws.

In addition, other laws have also added some acts which are described below.

- Law 3/1982 concerning urban planning added to the foregoing list acts aiming at the establishment of green areas and public parking.
- Prime Ministerial Decree No. 160 of 1991 added to the list the establishment of government educational buildings.
- Prime Ministerial Decree No. 2166 of 1994 further added fishery farms established by ministries, governmental departments, local government units, and public authorities.

Article 2 of Law 10/1990 delegates the cabinet of ministers to add other acts to the foregoing list. Expropriation may not be limited to those land or buildings directly subjected to the previous acts but it could also include any other neighboring properties that are deemed useful for the acts.

Law 3/1982 for physical planning, in its sixth chapter concerning district renewal (this also applies for slums' redevelopment or resettlement projects), has obliged the concerned local body entitled to renewal to first plan and prepare the proposed relocation sites where the occupants of the original area under renewal or redevelopment would be resettled. The concerned local body should first prepare these relocation sites so that they are suitable for housing and preceding different activities of the relocates before their transfer to the new site.

Article 40 of this law stated that the resettlement should not commence at least one month before officially notifying the affected groups about their new destination. Any occupant, who will be subjected to the resettlement and will receive a new housing unit, has the right to complain of the housing unit's unsuitability—within 15 days of receiving the notification—to a specialized committee formulated by the concerned governor. The committee should reach its decision concerning the complaint within a maximum period of one month. However, the right to complain does not include the location of the new resettlement site; rather it is only limited to the unit itself.

D) Expropriation Procedures

Law 10/1990 described the expropriation procedures as given below.

The procedures start with a declaration of public interest pursuant to a Presidential Decree accompanied with a memorandum on the required project and a complete plan for the project and its buildings (Law 59/1979 and Law 3/1982 provide that the prime minister issues the decree). The decree and the accompanying memorandum must be published in the official gazette. A copy for the public is placed in the main offices of the concerned local government unit. Based on that, the operational steps are as follows:

- The entity requesting the expropriation of the ownership of a real property for public interest ('Expropriating Entity') submits a memorandum with the request to the president or the prime minister (if a delegation of authority by the president is granted). The Egyptian Survey Authority (ESA) has been defined as the Expropriating Entity, except for projects handled by other entities pursuant to a law to be issued in this respect.
- The memorandum would explain the reasons for the request, stating the compensation to be offered to the concerned owner of the property together with evidence that the compensation amount has been issued in the form of a bank check in favor of the ESA.
- The compensation is usually determined in accordance with the prevailing price for land surrounding the expropriated land (the market price). These prices are taken from recorded contracts in the Real Estate and Authentication Offices. However, this usually entails a crucial problem that always faces such expropriation projects as these prices are, in most cases, not real since the parties to the contracts usually state lower prices to reduce charges and fees decided on

the basis of data recorded in the contracts. Also, it should be noted that the representatives of the ESA are assumed to be experts in evaluating land prices.

- If approved, the president or the prime minister will issue the required decree declaring the property in question appropriated in public interest and authorizing taking the property pursuant to direct enforcement procedures by the Expropriating Entity.
- Once the authorizing decree is published, the concerned Expropriating Entity is authorized to enter into the property in question in the case of long-term projects and after giving notice of its intention to do so for other projects. The objective of such immediate authorization is to conduct necessary technical and survey operations, position landmarks, and obtain information on the property.
- The Expropriating Entity will communicate the authorizing decree to the ESA together with information on the project to be executed and a drawing of the full project and the real property needed to take steps for expropriating the property in question.
- According to article 3 of the executive regulation of Law 10, a committee will be formed to determine the properties required for public interest. The committee will comprise:
 - A representative of the ESA;
 - A representative of the local government unit within which jurisdiction the project is located; and
 - The treasurer of the local area in question.
- The committee will declare its activities to the public 15 days before the commencement of its works.
- The Land Survey Department will verify the information collected by the committee—referred to in the preceding paragraph—by comparing such information with that which is found in the official records.
- The General Department for Appraisal within the ESA will inspect the property of the project in question and examine and complete the appraisal maps and lists of transactions concerning the property within the area of the project. It shall also prepare a consultative report with the estimated compensation for consideration by the Compensation Estimation Committee within the ESA.
- After depositing the compensation amount by the Expropriating Entity within the ESA (the concerned local office), lists of all real properties and facilities being identified, their areas, location, description, names of owners and holders of property rights therein, their addresses, and the compensation determined by the Compensation Estimation Committee shall be prepared.
- The ESA will thereafter officially notify the property owners, other concerned parties, and the Expropriating Entity with the dates on which the lists—prepared in accordance with the preceding paragraph—will be presented to them, at least one week before such a presentation. These lists will be posted for a period of one month in the offices of the concerned local government unit and will also be published in the official gazette and two widespread daily newspapers.

- Owners of the properties and holders of rights therein will be officially notified with an evacuation request within a period not exceeding five months from the date of their notification.
- The holders of rights include owners of beneficiary rights, using rights, housing rights, mortgaging rights, and concession rights.
- Court of Cassation decisions have resolved that rights holders are those who hold rights on the tenement and that, accordingly, the holders of leasing rights are regarded as rights holders since they are holders of personal rights.
- Article 26 of Law 577/1954 states, “All the real suits shall not stop the procedures of the expropriation and shall not stop its results. The rights of the rights holders are transferred to the compensation.”

E) Institutional Arrangements

At the central level, the governmental agency in charge of the implementation of the expropriation acts issued for public interest is the ESA, except for projects handled by other entities pursuant to a law to be issued in this respect. As mentioned above, the ESA is charged with the formation of the expropriation and compensation committees. In the meantime, Law 10 gave the legal authority to MoLD to apply law 10 for land expropriation for public interest projects.

Usually, the executing body for the land acquisition is determined based on the type of project to be implemented. Accordingly, this executing agency would be responsible for paying the compensation to affected groups through the ESA or under its supervision, offering alternative resettlement options, and implementing the resettlement project. For instance, the Water and Wastewater Companies (WSCs) and the National Organization for Potable Water and Sanitary Drainage (NOPWASD) will be involved in the land acquisition process in case a sanitation project is being implemented. The Directorates of Roads and Bridges will be involved in case the project concerns with roads. Different electricity companies (production, transmission and distribution) are involved if the project is electricity project. ESA is usually a key entity in land acquisition if the eminent domain approach is used. The implementing agency may decide to resort to other approaches (consensual sale or donation) and in this case Law 10 does not apply.

F) Issue of Tenants and Squatters

Although Law 10/1990 does not clearly specify lessees as entitled to compensation, they implicitly fall within the group of ‘rights holders’ referred to in the law. It is clear, however, that lessees may not have recourse against the landlord for termination of their lease agreements as a result of the expropriation act.

Another important issue that has not been addressed in Egyptian law is the right of squatters to be compensated in cases of displacement or resettlement. The Egyptian legislation framework has not recognized the rights of squatters—whether state private land (where adverse possession applies after 15

years of peaceful visible and uninterrupted possession) or state public land (where no adverse possession applies irrespective of time) was occupied. However, the Egyptian experiences in dealing with this issue have shown that due to political pressure and social dimension, the government has been forced to provide an alternative for those groups of households whether in terms of alternative shelter, cash liquidity, or other types of in-kind compensation (for example, jobs). This is the case in case, for instance a person is cultivating on a right of way of a canal or a drainage, a group of farmers are putting animal shed or cultivating on state owned land...etc. However, the type of support provided to such groups is largely dependence of the understanding and the resources of the implementing agency (project owners). For instance, the entities who have the resources and the flexibility in their system to pay additional type of assistance to get the project moving and avoid complications with citizens, always prefer to do that. However, nothing in the law obliges the project owners to compensate the illegal squatter or users.

G) Issues related to the temporary land acquisition and partial damage of land:

In certain types of projects, the related activities result in partial disruption for the land use by setting specific infrastructure on the land, even when the ownership is not transferred to the Government. Example on this type of projects is the overhead power transmission line (specifically the high and ultra-high lines) where the installment of the towers and the overhead line impose number of limitation on the land use and, in general, reduces the selling value of land. For this type of project, the Government offers compensation that is entitled “damage mitigation”. This compensation is supposed to cover the impacts on the land value and the restrictions imposed on the land as a result of the infrastructure. Another model for this type of project is the gas connection pipelines which also affect the agriculture land in case the lines penetrates into cultivated land. Although the gas line imposes restriction on the land owners and users, the compensation that is offered by law for those cases is crop compensation.

Land Allocation for Investors

Presidential Decree No. 158 of 2001 and provisions of Law No. 5 of 1996 concern with the rules of free disposal of desert lands owned by the State or public juridical persons, or renting them at a nominal rental value for establishing investment projects or expanding them. This is applicable to the lands on which industrial areas are designated in the provinces of Minya, Assiut, Sohag, Qena, Aswan and New Valley. The decree, however, remained non-operational in 2003 until the accompanying administrative decree was issued (which was initiated by GAFI after investors lobbied it). According to this decree the industrial land in Qena and Sohag is allocated for investors for free. The government also provides hookups to infrastructure (water, sewer, electricity, and gas) and transfers land title to the developer three years after project startup. The industrial zones in Qena and Sohag are technically and administratively subordinated to their Governorates. To obtain a parcel of land in an inland industrial zone (land in industrial estates controlled, developed and managed by Governorates), the allocation (Takhssis) steps are as follow:

- The request is submitted to the Governorate in which the industrial zone is located. The process typically starts when an investor submits a request for land allocation. The application form

submitted by the investors to the Governorate Office of Investors includes the following documents:

- Company-related information: The contract for establishing the company, including its legal form, its registration in the commercial registry and its tax document.
- Project-related information: Feasibility study; implementation timetable; schematic plan showing the planned use of the required land area, production lines and future project expansions if needed; project utility needs (water supply, electricity, sanitary drainage, telecommunications).
- Approval from EEAA on projects that may have a negative environmental impact.
- The preliminary approval of the project's idea is taken by a committee chaired by the governor and representatives from related entities, such as investors association, head of investors' zones, water, sanitation, and electricity.
- The decision is taken by a committee chaired by the Secretary General after a study of all documents within a maximum delay set by Law of 30 days from date of submission.
- Procedures, regulations, terms and conditions related to land allocation are not documented. Also, there is not a public disclosure system in place for publishing and disseminating this information equally to the public.
- Land allocation committee is responsible for land management, and according to their previous experience they allocate the size of the land and its location. As evident, the criteria for this process are not published and there is not a grievance system for the investors, whom their application got rejected. Investors have to establish personal contacts with public officials to request such information.
- Investors have to obtain all clearances from the different government entities that are responsible for these industrial zones, depending on location and the instructions given by the Governorate.

The handover of the parcel of land: A committee from the governorate hands the parcel over to the investor, who signs the official report of receipt. Investors are given three years from the date of receipt to finish construction and to begin production. Landownership is not transferred, thus land remains non-registered until the construction is finished and production starts.

3.2 Environmental and Social Management Procedures

3.2.1 Environmental Licensing and Follow-up Procedures

The EIA preparation and fulfillment of the EEAA requirements is well defined in the guidelines and the EIA approval is integrated into the official licensing system for new projects, especially for private sector projects. However, this is not the case for public sector and governmental projects, where usually no licensing procedures are required, especially for projects implemented on land owned by the government agencies and no land allocation is needed. The ESSA team was informed that government projects that usually comprise preparation of EIAs are the large projects, classified as C according to the Egyptian system,

projects that are implemented in new desert areas that need official land allocation process from the land allocation committee and projects implemented in cooperation with international organizations.

Most of the EIAs that were approved in the governorates of Sohag and Qena during the past year were for industrial production facilities that belongs to the private sector, the majority of those projects are Category B and A (lowest impacts) as indicated in the table below. The Category C projects were for an electrical appliances factory, a tires factory and for using coal as fuel in 2 cement factories in Qena.

Table 7. Approved EIAs in Sohag and Qena during 2015

Governorate	Category C (highest)	Category B	Category A (lowest)	Special Conditions⁶
Sohag	2	316	434	230
Qena	2	92	32	156
Total	4	408	466	386

The preparation of EIAs is the responsibility of the investor, who delivers the EIA, through the competent authority, to EEAA. Usually small scale projects (Category B and A) the EIA is prepared directly by the investor and the data verified by the Environmental Management Units (EMUs) at the governorates, while in few cases the investors hire environmental consultants to prepare the EIA. However, since 2014, EEAA demanded that Category C and B EIAs should be prepared by registered environmental consultants.

The review and clearance for Category C EIAs is done centrally at EEAA headquarters in Cairo, while Category B and A are approved in EEAA Regional Branch Offices (RBOs) in the governorates⁷. Usually EEAA or the RBOs require clarifications for missing data before giving the approvals, and once those data are sufficient, the approval is granted conditional of compliance with the Environmental Management Plans (EMPs) in the EIAs. Project refusals, from environmental perspective, happened in few occasions in the two governorates, especially for projects generating noise and nuisance inside populated areas.

The qualities of EIAs are various. Category C EIAs are usually of the highest quality, for obvious reasons, while Category B ones are highly various and Category A are more or less standard. After adopting the consultant's certification system EIAs are expected to be higher in quality in the coming years. It is worth

⁶ Special conditions projects are not eligible for EIAs but they are rather committed to follow a list of standard measures relevant to the type of industry

⁷ Category B EIAs were also cleared by EEAA headquarters until December 2015 when this was delegated to the RBOs

noting that only 2 or 3 of the registered environmental consultants are based in Sohag and Qena. According to the experience of the ESSA team⁸, the main weaknesses in EIAs are the following:

- The analysis of risks sometimes are not commensurate with consequences of those risks
- The analysis of alternatives are usually superficial and done as a formality
- The EMPs measures sometimes are not realistic, do not commensurate with the risks and

The first point is usually captured during the review process of EEAA, or the RBOs, however the other two are relatively persistent, either because the EIA preparation is usually done in a late stage of the project preparation cycle, or the EMPs are not closely monitored after project implementation.

The last point was investigated by the ESSA team during the assessment, and it is apparent that EMPs are not usually followed up by investors. Many of investors treats the EIA as a licensing document without certain commitments during construction and operation of projects. This issue is amplified by the weak capacity of RBOs and EMUs in following up on compliance with environmental standards.

The environmental inspection and auditing of projects is carried out by two entities: The RBOs⁹ and the EMUs. Usually the inspections are reactions to complaints of the neighbors and affected people of a project, but both entities do also prepare a regular plan for environmental inspections. The total staff of Qena RBO is about 30, of Qena EMU is about 25 and of Sohag EMU is about 15. With such limited staff members the RBOs and EMUs are not able to sufficiently cover all facilities in the governorates with more than 500 facility licensed each year, as indicated in Table 7 above. Furthermore, the inspections are not following up on EMPs, but rather take samples and follow up on complaints. During the ESSA preparation, the team have visited some industrial facilities, and none of those facilities were keeping a copy of the EMP at the facility as reference for their commitments, also the EMUs do not usually receive copies of the approved EIA. The ESSA team also noticed that there is little coordination between the two agencies (EMUs and RBOs) and sometimes projects receive uncoordinated inspections from both agencies within a short period. Those gaps are further highlighted in Chapter 5 and 6.

3.2.2 Procedures for Handling of Hazardous Substances and Wastes

Although the law and guidelines are comprehensive, as mentioned earlier, in many cases there are no sufficient resources on ground to comply with them. The registration and safe handling of flammable wastes are usually reasonably followed up by the Civil Defense Departments in governorates, but other types of hazardous substances are less tracked as they are only inspected in the Environmental Register of facilities, a requirement of Law 4 that many facilities do not comply with.

⁸ The ESSA team reviewed many ESIs prepared for IPFs in the past years

⁹ There is an RBO in Qena, while Sohag is covered by the RBO of the neighboring governorate of Assiut

In terms of hazardous waste, there are no facilities in Upper Egypt licensed to receive, treat and dispose industrial hazardous waste. The only available hazardous waste facilities would be for receiving healthcare wastes and possibly some hazardous waste of the petroleum section, but not in Sohag and Qena. The only available official facility that receives hazardous waste is the hazardous waste landfill in Naserya / Alexandria University, some 800 kms from Sohag City. With such remote distance and limited amounts of waste generated by a single facilities it will be impractical to ask such facilities to transfer their waste against considerable transportation, and disposal, expenses¹⁰. Although the ESSA team knew, during the preparation period, that there was precedence in hauling hazardous wastes to Alexandria¹¹, this could not be generalized and it could be assumed that the majority of projects does not have convenient access to a hazardous waste facility.

This gap in the existing procedures could only be significant in case of large producers of hazardous waste, such furnace slag from the a large aluminum complex, waste pulp from paper factories, filter media from large sugar plants ... etc, which are not part of the Program. Most of the infrastructure projects, under the investment menu are not large producers of hazardous waste. Nevertheless, the PAP has addressed this gap to be bridged over the implementation period of the project.

3.2.3 Procedures for Management of Air Quality

Most of the stacks in the Program area are small scale with relative low activities. The major point sources of emissions, including 2 cement factories, a number of sugar factories, aluminum complex, paper factories and healthcare waste incinerators. The mobile sources (vehicles) also have important contribution to the total emissions within the two governorates.

Most of the low active stacks, which could mainly be added through the Program interventions, are not usually monitored, except during the licensing period. During operation, the RBOs sometimes carryout emission monitoring, but this would be mainly limited to large sources as usually the monitoring team comes from outside the two governorates (Aswan RBO monitors Qena emissions and Assiut RBO monitors Sohag emissions).

Usually the minimum height condition of stacks for less active stacks (18 meters) is not complied with in industrial areas, however, this is believed to be too strict for small emissions in the industrial areas of Sohag and Qena, which are relatively away from settlements. Anyway, the follow up on this conditions seems not to be priority of licensing and inspection authorities as most of the stacks in the industrial cities seem to be less than 18 meters height. Generally the GIIP condition for having the stack 1.5 the height or projected

¹⁰ Recently there are about 6 companies licensed by EEAA to transport hazardous waste, but the prices for doing such services for small scale generators in Upper Egypt are not examined

¹¹ There was 80 tons shipment of phosphorous pentoxide P_4O_{10} transferred to Naserya, this shipment belonged to a pharmaceutical company in Qena and this was requirement supervised by the RBO

width of the nearby buildings will ensure good dispersion of emissions. This would be recommended in the improvement of EIA process as indicated later in the PAP.

In terms of ambient air quality, EEAA operates a network of monitoring stations distributed along the country. In both Sohag and Qena there is one station in a residential area in Nagaa Hammadi, this station monitors PM10, which normally exceeds the national limits. The ambient air quality data are not disclosed to the public, however, EEAA officials advised that the data are provided free of charge upon official request from citizens¹².

3.2.4 Procedures for Management of Water Resources

The monitoring of Law 48/1982 compliance is the responsibility of the Ministry of Water Resources and Irrigation along with the Ministry of Health which collects samples from WWTP final effluents. Ministry of Health usually visits each WWTP once every three months to take final effluent samples, and violating WWTPs are notified and sometimes operators are prosecuted.

Most of WWTPs in Sohag and Qena uses stabilization ponds for the biological treatment of wastewater and then discharge the treated effluent to tree forests that are specifically created for this purpose. Usually such WWTPs takes self-monitoring on frequent basis and usually the effluent fulfills the primary treatment requirements of Decree 44/2000 as the stabilization ponds are providing secondary treatment with a maturation stage. However, the week procedural points in the stabilization ponds – tree forests system are: i) the areas of tree sometimes are not sufficient to receive the water volume, especially in winter when the evapotranspiration is low and ii) there are no plans for de-sludging the ponds and handling the sludge in an environmentally sound manner¹³.

There are large areas in Egypt, especially rural areas, not covered by sanitation services. The ratio of non-covered settlements in Upper Egypt is higher than the national average. In Qena the service coverage is about 15% only in main cities and few villages. There are currently a number of projects under construction (networks, new WWTPs and extensions to existing WWTPs) that are expected to increase the coverage up to 20%. In Sohag the figures are slightly higher with about total coverage of 20%. The large un-covered areas discharge their wastewater in cesspits and then evacuate the septage in canals, drains or even in open lands. This is one of the major pressures on surface water quality and also to soil quality, and the program PG interventions in the field of wastewater would participate in alleviating this pressure.

3.2.5 Procedures for Management of Noise

¹² Usually the data is requested for research purposes

¹³ Most of these WWTPs are relatively new and some of them currently have very little amount of sludge, and some of them even did not fill some of the ponds with wastewater. However, there should be future plans to handle this issue to avoid inadequate handling of sludge.

The measurement of ambient noise is being carried out by EEAA using portable monitors on as needed basis, especially in major cities where there is large traffic volume. Some investors are required to monitor ambient noise as part of the EIA process, however, these measurements are seldom used in the noise impact assessment through modeling. The main PG activity that could have important impacts on ambient noise is roads construction and rehabilitation, and the diligent assessment of noise impacts of those projects is effectively absent in practice.

The occupational noise is usually monitored in industrial facilities by RBOs, but the available manpower does not allow for frequent monitoring. Usually such monitoring is being done by portable noise meters taking short term measurements, and the exposure period of different noise levels are not usually tracked.

The PAP includes specific measures to improve the environmental assessment system, especially for roads projects, to allow for adequate mitigation measures for noise impacts and to improve the compliance with the standards of exposure periods to occupational noise.

3.2.6 Procedures for Solid Waste Management

Generally SWM services is performed in the two governorates by the Local Authority, but usually they lack sufficient financial resources to deliver quality service. There was a success story in Qena City in 2000/2001, where a service fee was effectively collected from households and commercial facilities, but it was undermined by lack of finance especially after 2011 revolution. Currently local councils have little financial resources to deliver effective service especially outside of the two capital cities of Sohag and Qena. As a result of that there are always amounts of uncollected waste left to accumulate in blank land, sides of roads and watercourses. The waste disposal is practiced in open dumpsites in desert areas of the two governorate with little control on self-burning of waste and unsafe scavenging. There are some efforts currently being done to improve the service¹⁴, and the program PG interventions in the field of wastewater would participate in alleviating this pressure.

3.2.7 Procedures for Health and Safety

The Ministry of Manpower and Labor is responsible for ensuring that employers are complying with the stipulations of Law 12/2003 and providing safe working environment. Usually Directorates of Manpower in governorates do not have sufficient staff to inspect on all facilities to make sure the H&S conditions are met. In terms of fire protection conditions, these are checked by the Civil Defense Departments in different districts, and usually those departments keep a relatively effective inspection of the conditions during the licensing process, and operation license renewals.

¹⁴ There is currently a project implemented in Qena in cooperation with GIZ/KfW to provide finance for solid waste collection, transfer and landfilling.

The main gap, in terms of application of H&S standards is the awareness of workers about the importance of compliance to the standards to avoid accidents. The atmosphere of safety is not well integrated in the education system and qualification system for different fields. This gap is maybe wider in the construction industry where H&S inspections are rare, and workers are not well trained to comply with such standards. The improvement of H&S procedures is including among the PAP measures.

3.2.8 Procedures for Natural Habitats

Although the Nile islands in Sohag and Qena are considered, officially, as protected areas, no actions are being effectively taken to prevent development in those islands. Some of those islands includes settlements and some infrastructure services, but the majority of the islands areas are not developed especially that no bridges are connecting the islands with the main land and the access is limited to small ferryboats. The PAP includes taking special measures for possible PG interventions in the Nile islands.

3.2.9 Procedures for Physical Cultural Resources

The Supreme Council for Antiquities is responsible for implementing the Law 117/1983, and the Council includes Antiquities Directorates in all governorates, including Sohag and Qena. The antiquity sites in Sohag and Qena is well protected against impacts from surrounding developments. The licensing of new lands for establishing new projects is not given unless the Antiquity Directorate clears the site.

3.2.10 Land Acquisition Procedures ¹⁵

In case land acquisition will be implemented through eminent domain (the application of law 10), the Directorate of Survey which is an affiliate to the Egyptian Survey Authority (ESA) will be leading the land acquisition process in coordination with the project owner. In the meantime, the Properties Department and/or the Legal Department of the executing entities, depending on the type of project that will be implemented, are responsible for completing the land acquisition process. Even in the cases of eminent domain, they participate in the valuation committee. In the case of the projects under the Block Grant, the Governorates will be leading the responsibly of executing the projects in case they fall under the Governorate mandates (e.g. solid waste management or developing or upgrading internal roads). In other cases where other entities own the projects (e.g. sanitation, regional roads or power lines), the Governorate will lead in full coordination with the relevant entities. Depends on the type of project, communities need for the project and availability of land, the different approach of land acquisition could fall under one of the main five approaches:

¹⁵ The procedures listed on the ESSA for the various land acquisition approaches are not based on official documentation but rather the discussion with stakeholders and the knowledge of the ESSA team from multiple previous projects. There is a possibility that variances in the procedures exist among different types of projects. The illustration of this section is made to the best of the ESSA team's understanding.

1. Voluntary Land Donation

In certain cases, landowners (specifically well-off owners) are willing to donate their land for the various projects that will serve the communities. The following are generally the key steps that are normally taken for voluntary land donation:

Step 1: Identify Project sites. The executing entity assigns a design consultant to nominate appropriate sites for based on the type of the project and the technical criteria and in coordination with the LGU as representing government authority and other community representatives. According to the implementing entities. The willingness of the land owner to sell his land is one of the key determinant for the final selection of land. Financial feasibility of the location is also one of the major factors.

Step 2: Identify the site based on technical criteria. When the executing entity receives a few offers from the potential donors, they will assign a technical consultant to identify the most technically feasible site (specifically in sanitation projects). When the donation approach is used, the power of choice is, by definition, is one key prerequisite. Several locations are usually identified and if the land of the person who is willing to donate proves to be compatible technically, the process of donation moves forward.

Step 3: Reach agreement with land donor. A person (or a group) offer to donate his/their land for the project with no monetary return. The only return for the donor could be the benefit to obtain from the project. The person who donates the land is normally well-off and the amount of land offered constitutes only a small share of his or her land holding. The person who donates the land may also have non-land-based sources of income.

Step 4: Sign an initial agreement with the land donor. Once the site is identified by the technical consultant, the executing entity will—through the LGU—sign an initial agreement with the landowner (s) who donated the land. The agreement is entitled as a “Donation agreement” and it states the name of the donors, the features of the land in terms of size and location and the purpose for the donation. According to the project owners who use this approach, the donation is normally community-driven. The donor has no pressure to donate his/her land and they always have the full freedom not to do. Alternative sites are usually selected before reaching a decision (with the communities) on which land to take.

Step 5: Obtain various approvals. In cases of sanitation projects, the donor should secure all the approvals before the LGU is able to sign the final contract with the donor.

Step 6: Transfer the land title. The donor goes to the Notary Department to issue a waiver that states his or her donation of the land for the interest of the LGU. A ‘Donation Contract’ is signed between the landowner (who voluntarily donated his land) and the LGU. The LGU then transfers ownership of the land to the WSC by following the relevant legal procedures.

2. Community Contribution

This is also a very common approach for acquiring land for sanitation projects (especially pumping stations). The process of community contribution is very similar to the process above. The following are the key differences:

Reach agreement with landowner on the land selling (called in the contract 'donation') price. Led by one of the trustworthy delegated figures (*omda* and religious leader), the project village will negotiate with the landowner on the land price. The price is informally valuated based on the prevailing prices in the area and the requested value is communicated with local communities through a community trustworthy figure.

Collect the shares of households 'contribution. Through a community-led process, the average share of a household is calculated along with any special arrangement to exempt poor households.¹⁶ A trustworthy figure within the community is appointed as the key channel¹⁷ for the collection of the donations from households. The whole process including money collection, following up, and documentation is managed through local communities and largely through the community figure who was identified and delegated to lead the process. The WSC is generally not involved in this process.

Sign an initial agreement with the landowner. Once the site is identified by a technical consultant, the executing entity will—through the LGU—sign an initial agreement with the landowner to use the land for the PS.

The rest of the process goes as explained above.

3. Willing buyer-willing seller Approach

Step 1: Identify Project sites. The executing entity assigns a design consultant to nominate appropriate sites for based on the type of the project and the technical criteria and in coordination with the LGU as representing government authority and other community representatives.

Step 2: Obtain initial interest from the landowners to sell the land for project use. When the nominated sites are identified, the executing entity in collaboration with the LGU communicate with the landowner(s) to get his or her initial interest in selling the land voluntarily for construction of the project. This step helps in screening out the sites whose owners are not willing to sell. During this stage, landowners also roughly state the price they expect to obtain from selling their land. The received financial offers along with the technical specifications of the land allow the executing entity to prioritize their preferences among the various assigned plots.

¹⁶ As part of villages' social solidarity, exempting poor households from paying is a very common arrangement in most of the villages.

¹⁷ This channel is dependent on the local context within the villages. While some of the examined cases depended fully on natural leaders like *omdas* who manage the process through mutually trusted word-of-mouth, other villages have managed money collection through a CDA that opened a special bank account for this purpose and collected contributions against payment receipts.

Step 3: Sign a 'Coordination Contract': A coordination contract is signed between the landowner of the selected best offer and the WSC.

Step 4: Determine the purchase price of the land. A committee is formed and is headed by the head of the executing entity. The committee comprises various relevant authorities (surveying department, technical department in the WSC, and representative from the LGU) to determine the price of the land. The purchase price is usually determined based on the prevailing market price of the land in the project area.

Step 5: Get approval from line ministries. This is specifically the case with the sanitation projects. While the committee is determining the purchase price, the WSC (or the NOPWASD if it is the agency that will purchase) starts getting all approvals from relevant line ministries for changing land use. Normally, the WSC needs to get approval from three ministries (Ministry of Agriculture, Ministry of Environment, and the MoH). The WSC (or NOPWASD) needs to send a request to these three ministries. To provide approvals, these ministries will check the selected land with regard to their own criteria and the impacts of the selected site on their facilities and infrastructure within the site.

Step 6: Negotiate with the landowner(s). Once the price is determined by the committee and the approvals are obtained from the line ministries, the executing entity informs the landowners of the price determined by the committee. If the landowner(s) agree with the price, it will proceed to the next step. If not, another location will need to be identified starting from step 1.

Step 7: Purchase the land. Once an agreement is reached with the landowner(s) on the purchase price, the land price is paid directly to the landowner.

Step 8: Transfer the land title. Land title is transferred to the WSC (or the NOPWASD if it is the agency that will purchase) by following legal steps. The payment is made to the landowners based on the agreed purchasing price and the legal procedures are processed to transfer the land to the WSC. Payment could be made in instalments depending on the agreement with the landowners.

4. Acquiring Land by Using Eminent Domain

The process of acquiring land by using eminent domain is mainly based on Law 10 regulating “the Expropriation of Real Estates for Public Interest” issued in 1990. According to the law, number of the initially identified types of project under the Block Grant are classified as public interest projects (e.g. roads, electricity, sanitation) .

Eminent domain will be used to acquire land when a mutual agreement cannot be reached with the landowner(s) on the purchasing price. In such a case, the governor will (a) issue a land expropriation decree based on the maps received from ESA; (b) deposit the money in an escrow account based on the value determined by the High Committee (with the leadership of the land acquisition department under the Surveying Agency); and (c) issue a permit to the executing entity to provide access to the land and start

construction. This step is taken after the Notary Department issues an official contract that replaces the name of the owner with the name of the WSC.

In such a case, the landowner(s) can appeal through the court. Then the executing entity is obliged to pay the landowner(s) the value determined by the court, even if the value is higher than what has been previously determined by the High Committee.

5. Temporary land acquisition:

This happens in the cases where land is acquired on temporary basis resulting in damage for the land and/or restriction in the use of the land. The practices of different entities vary but compensation is generally offered to the affected persons. For instance, in the case of the transmission line, compensation is offered for the damage on land and is normally valued through a committee from the Governorate, the Ministry of Electricity (transmission company), the Ministry of Agriculture. Although the valuation of the committee takes number of factors into consideration while making the compensation assessment (e.g. location of the land, proximity to the road and infrastructure, quality and productivity of land.....etc.), there is usually concern about the basis of the assessment. There is also a clear shortfall in how the information related to the valuation is being shared with the affected communities and individuals. Payment for the compensation, in such cases, is normally made in three installment that associate with the different milestones of works (i.e. civil works, erecting the tower and stringing the wires). One of the common shortfalls of the installment approach is the fact that, apart from the first installments, the rest of the payments could be delayed for months. Another model for this type of land damage and compensation is the model of the gas connection projects which offer compensation based on the damaged crops and according to the announced price list of the Ministry of Agriculture for the various types of crops. Despite the relative good capacity of the gas transmission company and the fact that they are following a very structured system in compensation, one key challenge related to their approach in the compensation is the fact that the valuation of compensation is only focusing on the market price of the crops for the year without considering the replacement value of certain crops (e.g. the trees that take number of years to yield) and/or the restriction that the pipeline imposes on the use of land and its impact on reducing the value of the land.

3.2.11 Procedures for Engaging with Communities

Despite the lack of clear and structured mechanisms for engaging with citizens in both Sohag and Qena Governorates and the multiple cultural and capacity limitations, the local government in the respective Governorates greatly emphasizes and acknowledges the importance of citizens' satisfaction as an end-target that they are working to attain. They also appreciate citizens' views in expressing concerns or complaints and work to the best of their capacity to address them. There is currently no structured mechanism to engage the citizens in planning services, monitoring the quality of services or the budgets associated to the service delivery. Multiple initiatives are taking place on the ground by the two Governorates and number of modalities were established to organize the process of channeling citizens' views and concerns. The following section describes those mechanisms and the main function of each:

“Citizens Meetings” with the Governor:

In Sohag, a weekly meeting is conducted between the citizens and the Governor on Tuesdays. This weekly meeting also takes place in Qena on Monday between the Governor and the citizens. In Qena, this meeting has been taking place since around 2002, while in Sohag those regular meetings with citizens started few years ago. During the Citizen meetings, the Governor, accompanied by the undersecretaries of all the line-ministries, meet with number of citizens to discuss the various types of issues and complaints. Citizens come from various Markazes to attend those meetings and in particular those who submitted complaints to the Citizen Service Offices come to follow up with their complaints. The main purpose of the meeting which is attended by around 200-300 citizens in each of the Governorates is to get the opportunity of direct interaction with senior officials in the different service line-ministers. According to the officers in charge of Citizen Service Office in Sohag, many of the complaints presented in this meeting are resolved because the undersecretaries of the line-ministries feel pressured and committed to resolve them since they are followed up by the Governors. In some cases, citizens make use of this opportunity to present cases that have been pending for a long time. It is worth noting that many claims and requests, particularly for jobs are flagged in each of the Governorates in the weekly meetings.

Electronic Platforms and Social Media:

With the increased interest of Government in expanding the use of technology to facilitate citizens' access to information and allow for easy communication, number of electronic platforms were established for posting information about the Government and to allow citizens to post comments. Qena has an electronic portal of the Governorate so does Sohag Governorate. Sohag also has a Facebook page with around 115,000 followers¹⁸. The Governorates are dealing with those platforms as methods for announcing the progress made in the Governorate. On their current situation, those modalities are not sufficiently utilized neither as means for interaction and communication with citizens nor as platforms for engaging with citizens. They are rather a one-way communication.



Figure 1: Facebook Page of Sohag Governorate



Figure 2: The Electronic Portal of Qena Governorate

¹⁸ <https://www.facebook.com/#!/AlbwabtAlalyktrwnytLmhafztSwhaj/?fref=ts>

The Local Popular Councils (LPC)

The local administration system in Egypt includes members who are appointed by the central government and is referred to as the Local Executive Councils (LEC), while the Local Popular Councils (LPC) is composed of local elected members. The local administrative system included representation on the various administrative divisions including the Governorate, the City and Markaz and the mother village. The local administration is made up of two important bodies, namely, Local Executive Councils (LEC) and Local Popular Councils (LPC). Local Popular Council members are the only elected members in the local administration system. Their role is meant to create the linkage between citizens and the local administration system, to monitor the performance of the executive council and to monitor the allocation of the budget to ensure that the priorities of the communities are reflected. LPC is an important official mechanism which is represented by members on the governorate, districts, town, urban subdivision and village levels. The Local Popular Councils have been dismantled based on a decree from the Administrative Court in the aftermath of the January 25 Revolution and have not been elected again since then. In that sense, this mechanism has been absent from the country during the past four years. Election for the LPC is expected to take place after the Local Administration is endorsed by the Parliament. When LPC was in service, there was always severe criticism for its dis-functionality, specifically because the loyalty of the LPC was always seen to be biased to LEC rather than to citizens.

Local Non-Governmental Organization (NGOs) and Community Development Association (CDAs)

In both Qena and Sohag, large number of Community Development Associations (CDAs) are actively operating in both rural and urban areas on multiple small scale development fronts. There is a total of around 1100 CDAs in Qena (around 500 of charity-oriented associations and 600 of development-oriented associations) and 1400 in Sohag (600 of charity-oriented and 800 of development-oriented)¹⁹. During the ESSA preparation, number of CDAs were consulted in each of the Governorates. The ESSA team also met with the Directorates of the Social Solidarity and the affiliate Associations Department²⁰ in the 2 Governorates. The conducted consultation clearly revealed that development-oriented CDAs in the 2 Governorates are generally active and have long experience in engaging with their local communities particularly in fields related to sanitation, water, health, solid waste management, education and income generation projects. Across the last twenty years, cooperation between the CDAs and International NGOs such as CARE, Caritas and other bilateral and multilateral donors significantly contributed to building the capacity of the CADs in both Governorates.

The consulted CDAs expressed concerns on the amount of challenges they face. In both Governorates, CDAs are suffering from limited resources. According to the CDAs met, this results in limitations in activities

¹⁹ Those figures are based on the meetings with the Directorate of the Social Solidarity in each of the Governorates. The team was also informed that the numbers decreased since some of the CDAs have been dissolved.

²⁰ The association Department is an affiliate department to the Directorate of Social Solidarity. The former is in charge of following up in the local NGOs/CDAs

and in human resources due to the minimal capacity building opportunities and the high turn-over of the teams. On the communication with the Government, the CDAs in Qena expressed clear concern about the absence of structured dialogue between the Government and the CDAs. In Sohag, the CDAs shared the same concern and added that the Government is not providing the needed support to encourage the work of the CDAs. In many cases, the Government is misperceiving the CDAs and is not accepting them as partners in development. The CDAs in Qena also expressed clear reservation on the donors' approach and the types of interventions that only aim for disbursing money without leaving real impacts on the ground and without looking at the sustainability dimension. They were also critical to themselves and how they operate with tendency to compete rather than to cooperate.

On a larger view for the development of the Governorates, the CDAs were highly vocal on the challenges that youth face in the Governorates. Both Qena and Sohag are seen as "rejecting environment" due to lack of economic opportunities and absence of holistic vision in planning. According to the CDAs and the interviewed groups of youth, even the new Government initiatives to support youth (e.g. Mashroak or "Your Project") are not results-oriented and are only focusing on helping people to access finance without working to ensure that positive impacts on the beneficiaries from those funds. In the meantime, the CDAs expressed concern on the disconnection between the local Government and the youth in both cities and villages.

On the sources of finance to support the CDAs, the representatives of the Directorate of the Social Solidarity indicated that some of the special funds (e.g. the NGOs/CDAs Support Fund) that used to be managed in a decentralized manner on the Governorate level became lately, in 2015, centralized and managed by the Ministry of Finance. This withdrawal of this important source of finance is resulting in serious challenges to the Directorates and to some critical activities that the CDAs are operating (e.g. shelters, nurseries...etc). It is also giving the CDAs a signal that the Government has more pressing priorities for those funds than the activities that the CDAs are supporting. This is largely perceived as demotivating for the CDAs and it is discouraging them.

Procedures for Grievances Redress

In both Governorates, there are multiple channels for receiving the complaints of citizens. This ranges from sending direct complaints to the Governor or the Secretary General, passing through other channels like the Government portal, sending mails, submitting complaints to the Citizens Service Department (sometimes referred to as the Office for Citizens Complaints) and its offices on the level of each of the Markazes. It was observed that the systems in the two Governorates have a lot of similarities in terms of the channels that the complainers use, the registry system and the feedback mechanism. The following section presents the main existing channels and how they are operating:

Citizens Service Department/Office for Citizens Complaints (OCC)

The Offices of Citizens Complaints (OCC) are one of the key official mechanisms for handling citizens' complaints. They are established based on the Presidential decree number 81 year 1970. They are located on the level of the various Markazes across the Governorates. The main office is located in the Governorate building/Diwan and branch offices are located on the main city of each Markaz. In addition to those offices each of the Directorates/branches of line ministries in the Governorate has its own complaints office. The focus of this analysis is the OCC of the two Governorates for being the main official mechanism within the Governorates and their branches. In Sohag, the OCC head indicated that they receive around 200 complaints and concerns a day (excluding what is received on the Markazes level), while in Qena they receive around 50 complaints and concerns a day. In both Governorates, those numbers also include requests, specifically for job opportunities or for permanent contracts for those hired temporarily.

- **Complaints registry and tracking system:**

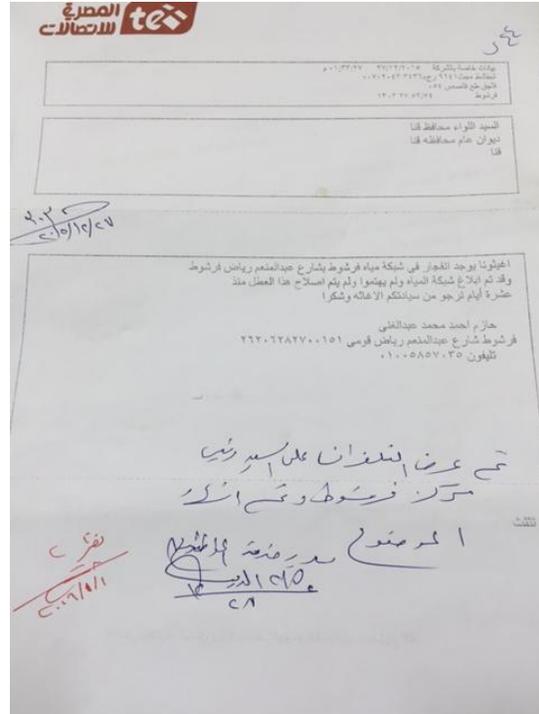
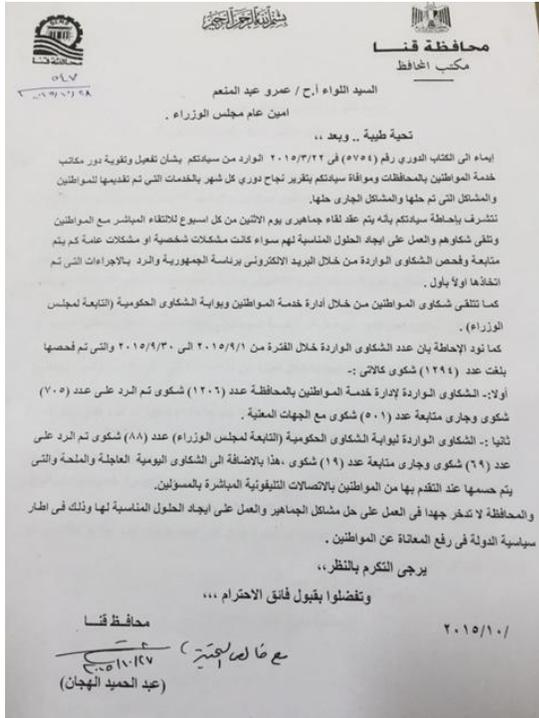
All the complaints are registered in writing. Complainers should receive a tracking number to allow them to follow up with their complaints. It was observed that this was not exactly the case in Sohag Governorate. Complaints are recorded in sheets inside the OCC and the process is done manually. In Sohag Governorate, the ESSA team was informed that complainers have to return back to the Governorate a week after registering the complaints in order to receive a tracking number. The registry of complaints in Sohag was observed to be very complicated and is badly affecting the efficiency of the whole process. The complexity and delay of the registry in Sohag return to the fact that complaints wait two days at the OCC before being raised to the Secretary General office in order to be then diverted to the archiving department to take a tracking number. The main reason for the lengthy process in Sohag is the fact that the OCC does not have the full delegation of dealing with complaints and should go through the Secretary General before any action is taken with the citizen.

- **Complaints referral and time intervals for resolving complaints:**

OCC in both Governorates indicated that in most of the cases, the complaints, concerns or requests are addressed to line-ministries, local Government units or service offices but come through the Governorates. It was indicated by Sohag OCC that they refer the complaints to around 52 sectors of the mentioned categories. The time interval until the complaint is resolved is not fixed and is not communicated to the complainers because resolving each complaint is highly dependent on the capacity and responsiveness of the concerned line-ministry or service office. Coordination with the different entities is very challenging. In Sohag, the OCC informed the team that, after the complainers are back to the office one week from the registry date to receive their tracking number system, they are in many cases directed to the complaints office in the line-ministries, leading the complainers who could be coming from a far Markaz, back to the starting point after waiting for one week.

- **Reporting on the complaints:**

The OCC teams interviewed in the two Governorates specified that they have been lately trying to improve the reporting system, specifically due to the close follow up of the President's Office on citizens' complaints²¹. OCC in Qena Governorate mentioned that they compile a monthly report indicating the total number of complaints received, the number of those resolved and those pending. Copy of this report is submitted to the President's Office, another copy goes to the Cabinet and a third copy is submitted internally to the Governor. The same process is followed in Sohag. As an example, the monthly report of Qena in September 2015 indicated that 1294 complaints were received, of which 1206 come from OCC offices and 88 come from the electronic portal. 705 complains from OCC and 69 complaints from the electronic portal were resolved. It is worth noting that the complaints recorded in this report cover all the complaints received from various sources (e.g. the line-ministries offices as well as the electronic portal that will be mentioned below). The ESSA team understood from Qena OCC that the complaints received from the Markazes OCC are not included in this compiled report because there is not a structured reporting system between the OCC of the Governorate and the one in the Markazes. As a sequence for the disfunctionality of the OCC on the Markaz level, citizens there mistrust it. They prefer to travel all the way to the Governorate OCC to file their complaint. This also aligns with the ESSA team observation in Sohag where most of the cases that visited the OCC of the Governorate during the one hour visit came from Markazes.



²¹ In 2015, instructions were circulated on all the OCC offices across the Governorates from the president Office indicting a pressing need to handle the complaints of the citizens carefully and report on regular basis on the progress.

Figure 3: Sample of Qena reports to the Cabinet

Figure 4: Sample of complaints submitted by telegraph to the Governor

Staffing and facilities:

The interviewed staff from the OCC offices in both Governorates indicated that they have limitation in both human resources as well as in the facilities to carry out their jobs. Most of the functions within the OCC are done manually because of the lack of computers and software, and the lack of capacities of the staff. Requests to improve the infrastructure within the OCCs were very rarely responded to.

Box 1: A success story in Naga Hamady

The *Technology Center for Citizen Service* in Naga Hamady is considered one of the successful decentralized model for a one-top-shop that deals with citizens' services and complaints. The Center, which was established in 2008 as part of the decentralization initiative supported by USAID, is not only limited in its interactions with citizens to complaints. Since its establishment, the Center has around 55000 cases dealing with citizens (requests, complaints, issuing licenses, legal issues...etc.). In average 80-90% of the received requests and complaints are resolved promptly. The Center is managed by a crew of 13 members with different functions. In the meantime, staff from other departments (e.g. the engineering department) whose functions are relevant to the services of the Center are seconded to the Center to work promptly in the received issues. Those staff from other departments do not have direct interaction with citizens since all the communication is done through the front office staff in charge. On the complaints front, the Technology Center for Citizen Service in Naga Hamady is coordinating closely with the OCC on Naga Hamady and is diverting all those who come to file a complaint to the Center to ensure that they obtain a tracking number and get into the systematic process to resolve their problems. Among 35 forms used in the Center, citizens' complaints is one of the forms.

Although the Centre needs support and some upgrade work (especially for the outdated software), it was widely perceived as a good model worth replicated in various Markazes. The center functions go beyond the scope of complaints to more of a service facilitation model that saves citizens a lot of time and effort in maneuvering bureaucratic processes. It also minimizes the chances of citizens' exposure to the lengthy routine and lack of accountability.

4 Program Environmental and Social Benefits, Risks, and Impacts

4.1 Screening of Category-A-Type and High Social Risk Interventions

The PforR should not include any interventions regarded, from the environmental and social perspective, as significant, sensitive, diverse, and unprecedented nor affect a large area of influence beyond the site boundaries. This is defined according to OP4.01 as Category A. Accordingly, the UELDP should not support any such interventions.

Because the interventions that will be implemented under the PGs are not known during the preparation of the program, except for the 44 km road segment widening between Qena and Nagaa Hammadi, there should be a procedure carried out by the client to exclude Category A-type and high social risk interventions from the investment plans covered under the Program. As further detailed in Chapter 6, the PCO will include senior environmental specialist and a senior social development specialist, and also at the 2 LIUs level, who shall review the investment plans and make sure that no Category-A type interventions and no projects with high social risks are included. The Bank team will train the PCO and LIU staff to carry out this screening based on the following criteria.

Criteria for identifying Category A-type intervention²²:

An intervention would be classified as Category-A type if one, or more, of the following 5 definitions applies:

1. Significance of Impacts

The magnitude or consequence of impacts is proportional to the scale of the project and the type of impacts. Among the PG investment plans projects, illustrated in Annex 4, the types of projects that could potentially cause significant impacts are roads, WWTPs, solid waste and transfer stations. The normal practice of WPG in classifying such projects is that new roads with new right of way for long distance, large wastewater treatment plants (normally larger than 50,000 m³/d) and landfills would be classified as Category A – type intervention from the impact significance view point.

2. Sensitivity of Impacts

An impact could be defined sensitive if it may be irreversible (for example, leads to loss of a major natural habitat) or raises issues related to Indigenous Peoples; natural habitats; physical cultural resources or involuntary resettlement. In the Program area the intervention that would fall under “sensitive” definition would be large projects implemented in the Nile islands (regarded as protected areas according to the

²² This criteria is applied in WBG safeguard policies, which doesn't necessarily apply to the classification of the Egyptian EIA system illustrated in Chapter 4. The WBG criteria will be used in clearing PG interventions

Egyptian Laws). This could include, for example, bridges and associated road network inside those islands as this could cause irreversible changes to natural landscape of those islands

3. Diversity of Impacts

Interventions that would cause diverse impacts are those impacting different media at the same time. For example a power plan that would release important air emissions, hot cooling water to surface water, affect groundwater resources through pumping, induce major risks to the community by storing fuels Etc. would be considered as causing diverse impacts. Such interventions are not envisaged in the investment manual of UELDP.

4. Precedence of Impacts

Unprecedented impacts are those impacts that occur for the first time in the project region. This may be applicable for projects employing new untested technologies in the region. Such interventions are not envisaged in the investment manual of UELDP.

5. Area of Influence

In many cases the area of influence would be proportional to scale of the project except if the project location is within a vigorous fluid media (strong wind, moving water stream, or aquifer in a permeable soil). Normally roads projects would have an impact on ambient noise and air quality that would slightly exceed its footprint. The same applies to WWTPs which could cause odor impacts slightly crossing the borders of the facility, however, this would not be considered as a large area of influence except if this area largely exceeds the project footprint.

It is worth noting that the screening process should take into consideration the cumulative aspects of several Program interventions taking place in a single area. For example if an intervention within an area was screened as environmentally and socially insignificant, if another Program intervention took place in the same area the screening of this later intervention should take into consideration the cumulative impacts of the two Program interventions according to the above five criteria.

Applying the above criteria, as an example, to the only known PG intervention (the 44-km road segment between Qena and Nagaa Hammadi which will be widened from 2 lanes to 4 lanes with an intermediate median) it was concluded that this subproject would not be defined as Category A-type intervention, and accordingly would be qualified under the PG of Qena Governorate. Details of the application of this example are presented in Annex 4.

Criteria for identifying the high social risks interventions:

Any project or activity that will result in significant resettlement impacts, economic displacement (e.g. loss of livelihoods) or physical displacement as consequence of involuntary resettlement should not be eligible for funding. To define the severity of impact, an assessment for the size of land acquisition and its implications on the users and owners should be conducted early on by the Government (e.g. impact could be assessed as insignificant in case the number of affected persons is limited and the taken land is minor- e.g. 10% or less of all the affected person holding and no physical relocation is involved)

The Bank team will train the assigned social development teams on conducting a risk assessment for the various interventions before determining if the intervention is eligible for funding under the investment menu.

4.2 Risks Screening against OP.9.00 Core Principals

A preliminary risk assessment has been carried out using the Environmental and Social Risk Screening Format included in OP 9.0. The assessment is highlighted in the table below.

Table 8. Screening of the Program’s Environmental and Social Impacts

Risk	Environmental risk screening	Social risk screening
<p>Associated or Likely Social and Environmental Effects</p>	<p>The Program will have many environmental benefits resulting from improving solid waste management water supply and sanitation services. Also some of the interventions will have indirect benefits such as reducing traffic congestions, improving roads safety and possible enhancement of environmental services. The assessment indicates that no Category-A-type interventions are expected and that all such interventions will be screened out during the planning stage by the two governorates. There are some environmental risks and impacts. The main risks and impacts are:</p> <ul style="list-style-type: none"> • Change of land use at the footprints of subprojects (low); • Impacts on air quality resulting from fuel combustion from mobile sources, increased traffic, non-mobile sources, new industrial and infrastructure facilities, and during the construction phase (substantial); • Risk of improper handling of hazardous waste generated from new industrial facilities that could be established after improving the G2B services (indirect medium) • Risks of improper handling of solid wastes generated from new industrial and infrastructure facilities (indirect medium); • Risk of discharging noncomplying effluent from WWTPs affecting receiving water (medium risk); • Risk of affecting groundwater quality from sub-projects through leaching (low) • Risks to the safety of workers and neighbors of the industrial facilities from handling hazardous substances 	<p>The Program will have number of positive impacts and benefits to the local communities within the two Governorates through strengthening the service delivery, enhance the accountability of the Government and creating economic opportunities to large numbers of young men and women in the Governorates.</p> <p>A number of potential negative impacts were identified. The most significant impacts are the ones related to land acquisition and the possible associated implications on the livelihoods of the families (substantial)</p> <p>The ESSA also identified number of other non-land related risks. This most importantly include:</p> <ul style="list-style-type: none"> • Risk of Weak sense of ownership, acceptance and readiness for projects in certain communities in case the project is planned and implanted on a top-down fashion. The absence of appropriate participatory mechanisms to engage with various categories of communities may place the Program in the risk of lack of communities support to it. (medium), • Cultural challenges and absence of structured modalities for engaging with women and youth (medium), • poor information sharing mechanism and fragmented and poorly managed grievance redress

Risk	Environmental risk screening	Social risk screening
	<p>(indirect medium);</p> <ul style="list-style-type: none"> • Occupational risks at work places and construction sites • Risks of improper handling of chance find culturally valuable objects (low); and <p>The risks of environmental effects are generally medium risks. According to the system assessment and gap identification, a PAP has been proposed to mitigate the above risks and minimize them.</p>	<p>systems (medium), and</p> <ul style="list-style-type: none"> • the limited level of capacities on the local level (including capacities to conduct social assessments, identify social risks and manage the social aspects of the Program) (substantial)
Environmental and Social Context	<p>The program will be implemented in two governorates in Upper Egypt. The area is characterized as being highly populated within the Nile valley (10-20 km wide) and effectively uninhabited in the desert area west and east of the valley. Most of the interventions with relative significance (WWTPs, highways, solid waste facilities, industrial cities ... etc.) will be implemented in desert uninhabited areas, accordingly the risk is relatively low. Other interventions would have relatively minimum footprint and would be associated with minimal waste generation. Most of the existing pressures on land, water and air are external to Program related interventions. The officially naturally protected areas in the two governorates are mainly the islands within the Nile, and most of them comprise substantial urban development. PAP measures have been suggested for possible subprojects in those areas. The Upper Egypt governorates are known for being rich in culturally valuable sites and antiquities from the ancient Egyptian era. The risks of affecting such sites are low, as the known sites are already protected by a buffer zone and the Program interventions, generally, do not include activities that would pose risk on existing sites. However, measures need to be taken to adequately manage chance finds.</p>	<p>The program will be targeting two of the poor Governorates in Upper Egypt. Those Governorates are known for having challenging conditions due to the absence of number of basic services and economic opportunities. This contributed to the creation of demotivating environment for your men and pushed them to find other opportunities outside the Governorate. In the meantime, there are specific cultural issues that are challenging women participation although women situation in the two respective Governorates has improved in terms of education and engagement in the local business. The two Governorates has large number of CDAs and local development agencies whose role is not fully utilized as development partners in the two Governorates.</p>

Risk	Environmental risk screening	Social risk screening
Program Strategy and Sustainability	<p>The national program have a strategic objective of improving services and economic activities in lagging regions, which have historically suffered from lower level of access to infrastructure and services. There are obvious environmental consequences resulting from low access to services such as solid waste management, water supply and sanitation, such access is much lower if compared to the situation in Lower Egypt. The PGs under the Program are addressing such services which will improve the environmental sustainability in the Program governorates and reduce the pressures from the urban development. The only risk on the decisions of the future generations is the change of land use in desert areas, which is considered to be a low risk. The proposed PAP under this ESSA includes measures for improving the environmental assessment system for more effective minimizing of such risks and maximizing the environmental sustainability of interventions.</p>	<p>The sustainability of the program is highly dependent on communities' commitment and their sense of ownership for the various components and activities and the capacity of the implementing agencies to manage the Program in a sustainable manner and establish the necessary mechanism to ensure constant dialogue between local communities and the government.</p> <p>In the meantime, in order to ensure the social sustainability of the Program, the design of the activities should be demand-driven and results oriented. This will be attained by setting a participatory strategy and engage communities in implementing the Program. In the community-led activities, sustainability will be one of the criterion for the selection of the projects to benefit from the Block Grants.</p>

Risk	Environmental risk screening	Social risk screening
Institutional Complexity and Capacity	<p>The country environmental system already includes an institutional structure for assessing environmental impacts, identifying environmental risks, pre-identification of impact/risk mitigation measures and monitoring and follow up of development projects. There is some complexity in the monitoring/follow up system as two entities (RBOs and EMUs) are currently responsible for that with relative little coordination. The institutional capacity of both entities is limited as there are limited number of staff and equipment. There are also some capacity limitations with regard to available external experts and consultants in the two governorates. The institutional risk, given the existing conditions, is substantial; but the PAP includes measures to strengthen the capacity of the PCO, LIUs, RBOs and EMUs which are designed to minimize those risks.</p>	<p>The Governorates will play a lead role in the implementation of the project. The Governorates and the Local Government Units (LGUs) representing in various administration divisions are very close to the local communities. However, the low capacity and the domination of the top-down model of planning and implementing projects are among the key challenges that the Program will need to address through building the capacity, sharing international experience and strengthen the accountability mechanisms (e.g. youth-government dialogue platform, robust GRM...etc.). In the meantime, the fact that the Program could be implementing certain type of projects which are outside the mandates of the Governorates (e.g. roads, power projects, sanitation...etc.) under the PG is suggesting even more complexity in the institutional setup because those types of activities will be implemented by other line ministries in collaboration with the Governorates.</p>

Risk	Environmental risk screening	Social risk screening
Reputational and Political Risks Context	There are no governance or corruption risks associated with the environmental aspects of the program. Upper Egypt development is known to be a priority and there is no known environmental controversy about the government program.	The Program is designed to strengthen the accountability of the Governorates to citizens. It includes a number of measures to mitigate potential social risks and to ensure citizen engagement and participation in planning and implementing of the Program. If the committed measures cannot be implemented adequately, there might be a risk of losing local people's trust and confidence to the government and the Bank.
Overall Assessment	The assessment indicates that the program will not include Category-A-type activities. Accordingly, the PforR instrument is suitable for financing the program. The overall environmental risk for the program is substantial. The implementation of the recommended PAP would effectively minimize the risk.	The ESSA set forth the measures needed to address and mitigate the social risks. In the meantime, the design of the investment menu set forth screening out criteria for the activities/projects that could be of significant social risk (e.g. those activities that may result in physical displacement, impacts on livelihoods or significant involuntary resettlement impacts). The Governorates should screen out such activities from the activities that will be implemented under the Program because such activities should not be eligible for the PG finance. The PforR is an opportunity for the local Government to strengthen their accountability and institutionalize number of important mechanisms for this purpose. Although the social system assessment indicates that the risk is substantial, the measures recommended in the PAP and elsewhere in the Program design will minimize this risks.

4.3 Environmental Benefits, Risks and Impacts

4.3.1 Environmental Benefits

The environmental benefits are providing better infrastructure and services to reduce the existing environmental pressures in the two governorates. Those benefits will be particularly achieved through better solid waste management, water supply and sanitation. There is a number of indirect benefits through improvement of roads as it will reduce traffic congestions (with associated air pollution and noise) and will also directly improve roads safety, reduce accidents and reduce dust emissions in rocky roads that will be surfaced.

4.3.2 Environmental Risks

The main environmental risks are: institutional capacity to manage environmental aspects (substantial), insufficient waste handling facilities to serve industrial cities and infrastructure projects (medium), environmental monitoring and follow-up is fragmented between two entities (medium) cluster competitiveness initiatives and action plans may not be environmentally sustainable (medium), risks on occupational health and safety in construction and industrial sites (medium), and risks of impacting natural protected areas or physical cultural resources (low)

4.3.3 Environmental Impacts

The main environmental impacts are changing land use at the footprints of different project interventions, and subproject-specific impacts on land, water and air. These impacts are generally considered of low significance, and the ESIA process will include mitigation measures to minimize such impacts.

4.4 Social Benefits, Risks, and Impacts

4.4.1 Social Benefits

Background:

“Provide the same opportunities found in Cairo to the young people in Sohag and they will stop migrating to Cairo,” said Reda Al-Keshen of Al-Rehab Company. “If we want to develop Upper Egypt, two key developments need to go hand in hand: improve the service delivery and end bureaucracy in local governments and develop the local economy as per the available resources,” he added

The above quote from a young investor in Upper Egypt clearly summarizes the key challenges of the Governorates and the issues that the Program will seek to address. The Program will be implemented in two of the poor and the lagging behind Governorates that lack a lot of basic services. Overall, there is a sense of exclusion and marginalization felt among community members in the governorates, which can be attributed to a common public perception that Upper Egypt is “abandoned” unlike Cairo and Lower Egypt. Community members and youth groups expressed their frustration from poor quality of services and infrastructure and from the lack of economic opportunities and sustainable jobs.

The socio-economic potential of village-based economies remains untapped, negatively impacted by fragmented value chains and inability of rural communities to access larger markets. During the consultations for the ESSA, rural communities expressed their disappointment from their inability to access markets. For instance, Sohag villages are well-known for their production of various dairy products but producers only sell their products in the weekly village markets at a very small margin. Gezeeret Shandaweel in Sohag is well-known for its women-led textile cluster that produces tally, an ancient form of Egyptian embroidery. Like other craft clusters, the tally producers suffer from high prices of production inputs and market access challenges. This also applies on Qena unique handicrafts of wood, pottery and marble which are not sufficiently utilized.

“... We need a private company to set up milk collection centers with latest technology and hygiene measures for which we can supply on a regular basis. We had several projects in our poor village but these were not sustainable. Once the project is over, the economy of the entire village is hardly hit,”

Mohamed Yamany, Community Association for livestock development of Al- Swalem, Sohag.

“All our members rely on this craft as main source of their income by which empowered to support their families. Unfortunately, we cannot access markets on a regular basis but instead rely on the fluctuating tourism industry,”

Amal, the head of the Cooperative Association for Heritage Crafts in Shandaweel Island.

Young students and university graduates lack skills development opportunities and access to sustainable jobs. Overall, young people complained from lack of training and skills development facilities in both governorates since university education alone is not enough to prepare them for the job market. Young people are frustrated by the lack of private sector jobs in their governorates. On the other hand, there is an increasing trend among young people to start their own businesses and do not queue for government jobs. Young entrepreneurs started to tap into the socio-economic potential of several sectors

“There are no opportunities for skills development; no training centers that offer qualified English or computer courses. All my colleagues travel for trainings in Cairo then come to seek jobs in Sohag and they hardly succeed,”

Alaa, a student in fourth year at Sohag University.

The two governorates lack supply-driven technical education facilities. The technical secondary school in Sohag is one of the few technical education facilities available in Sohag, with very few divisions that do not qualify graduates for the job market. Out of the 100 young graduates of the program, only 25 graduates managed to find jobs in factories. Doubled by the instability of the market for many reasons, even this small portion are usually not able to sustain their livelihoods

“For instance, the cartoon factory used to hire 3 shifts (each consists of 8 workers) per day. With its drop in sales and inability to access markets, the factory is currently employing one shift of 8 workers. The entire technical and vocation system needs a revamp to graduate qualified students. Currently, our graduates cannot fix a machine after their graduation,”

Head of the technical secondary school.

“If a machine broke down in a factory in one of the industrial zones, they will have to wait for the technician to come from Cairo,”

Mostafa, a young entrepreneur in Sohag

Weak institutional capacity, bureaucracy and weak competitiveness of SMEs are all hampering private sector-led growth. Local investors highlighted the urgent need to ease the registration and licensing procedures, in addition to increase SMEs’ competitiveness and access to market opportunities. Disconnection from the market and the demands of the market led small businesses and factory owners to close down their businesses.

On the service delivery front, the various groups met during the consultation expressed number of concerns on the following:

- The very low coverage of sanitation services on both the urban and rural areas of the two Governorates.
- Lack of resources in the Government doubled by lack of efficiency and lack of flexibility from the Government side to cooperate with local-based organizations (e.g. CDAs) and the negative implication in the form of losing numerous opportunities for getting the service done and leaving numerous projects not completed and not operating.

“...In our village, we live in a disaster from lack of sanitation due to proximity to the barrage. The Government started the project in the nineties. While fixing the last portion of pipelines (130 m), the contractor damaged one house. He simply escaped and left the project incomplete and not operating! Guess what... we have been begging the Government to leave the local CADs to finish this small remaining price and we flagged it to many subsequent ministers but in vain. This has been the case for 10 years now. The problem of incomplete projects in everywhere across the Governorate”

One of the CDAs representatives, Awlad Negm Bahgoura, Qena

- Very weak mechanisms for engaging with local communities, handling their concerns and absence of neutrality in handling grievance.

Main positive social impacts from the Program:

The Program will have number of positive impacts and benefits to the local communities within the two Governorates. Those benefits include:

Strengthening the service delivery in terms of both coverage and quality:

Substantial gaps in access to good quality basic services and infrastructure in Qena and Sohag limit the potential of its residents and the ability of private enterprises to grow. UELDP will help in addressing some of the structural and coordination challenges in the Governorates to enable them to increase the performance of service delivery entities. In the meantime, the Block Grants will enable the Governorates to enhance the service delivery through extending coverage of services (e.g. roads, sanitation...etc.) will reflect positively on the wellbeing of the targeted communities. The improved service delivery will also help in strengthening the accountability of the Government to citizens strengthen the levels of trust

between the two parties. Jobs creation is one of the key targets for the Program. It will help in creating economic opportunities to large numbers of young men and women in the Governorates.

Strengthen the level of citizens participation:

The design of the UELDP is emphasizing the need and importance of citizens' role as partners in development and not merely project recipients. Through engagement in the preparation of the plans, implementing demand-driven projects, monitoring the progress of the projects and the performance of the implementing entities, citizens will be empowered and an enabling environment for citizen engagement will be created.

Enhance the local government responsiveness and accountability to citizens:

UELDP will introduce number of measure and activities that will help in improving the Government responsiveness and accountability to local communities. An enhanced GRM will be introduced in the targeted Governorates with a design that will emphasize responsiveness to citizens. In the meantime, targeting the Governorates' and their relevant departments with capacity building and training activities in the relevant topics will, in turn, help the Governorate relevant departments in improving their performance in relation to responsiveness and accountability to citizens.

Communities' wellbeing and improved connectivity

Creation of economic opportunities:

The socio-economic potential of village-based economies remains untapped, negatively impacted by fragmented value chains and inability of rural communities to access larger markets. Rural communities expressed their disappointment from their inability to access markets. For instance, Sohag villages are well-known for their production of various dairy products but producers only sell their products in the weekly village markets at a very small margin. **The potential of agribusiness in Rural Upper Egypt remains untapped.** Although Sohag is well-known for its high-quality agricultural crops, there are no value-added products and the governorate does not possess one single agricultural logistics center. There are several groups of active young farmers who produce excellent produces but want more opportunities to access markets, add value to their products, and get integrated in the value chains.

"...We need a private company to set up milk collection centers with latest technology and hygiene measures for which we can supply on a regular basis. We had several projects in our poor village but these were not sustainable. Once the project is over, the economy of the entire village is hardly hit,"

Mohamed Yamany, Community Association for livestock development of Al- Swalem, Sohag.

A lot of economic potential in the two Governorate remain unutilized.

“We are currently exporting green beans to abroad but through middlemen. We tried to set up our own company and access markets ourselves but we failed. We do not know how to run a private firm,” said Ibrahim Youssef, a young farmer and head of farmer groups in Dar Al-Salam, Sohag. “All young people in our community are struggling to find jobs. We have the best soil and atmosphere,” he added.

“Adding value to the agricultural products like dried onions, dried bananas, dried tomatoes can change the face of Rural Upper Egypt in few years and improve the livelihood of poor farmers,” said Wael, owner of El-rehab company.

“Provide the same opportunities found in Cairo to the young people in Sohag and they will stop migrating to Cairo,” said Reda Al-Keshen of Al-Rehab Company. “If we want to develop Upper Egypt, two key developments need to go hand in hand: improve the service delivery and end bureaucracy in local governments and develop the local economy as per the available resources,” he added

Special benefits to youth

The design of UELDP aims in the first place to create economic opportunities for youth. It also includes number of tailored measures that aim to mainstream youth and underline their engagement. The Block Grant will be financing number of youth-led initiatives that aim to create opportunities and empower youth

4.4.2 Social Risks

The project may entail land acquisition for the constructing of number of projects under the Block Grants. If not handled carefully, land acquisition may have serious impacts on landowners and land users. At this stage, since the technical design of the program is premature and the exact activities under the Block Grants have not been determined, it is difficult to know the exact amount of land that will be needed. Consequently, it is also difficult to estimate the number of landowners and land users who will be affected by the land transaction process. As a rough estimate, it is known that the sanitation facilities, an average of around 16,000 m² is needed for establishing a wastewater treatment plant and 450 m² is needed for the pumping stations²³. There is a possibility that extension of an existing wastewater treatment plant is implemented as part of the Program. In such case, the amount of land needed will be determined on a case-by-case basis. For the road of Naga Hamady and Qena in the Western Desert Road, land will be needed but it is of empty desert with no current uses. In the meantime, some of the activities under the Block Grant may result in temporary land acquisition (e.g. some of the power related component) or activities that result in reducing the value of land.

The severity of the impact of land acquisition depends on the percentage amount of the land to be taken compared to the total amount of land that the farmers own/use, whether the main source of income of the affected person is land-based, and if the affected person will be able (through compensation and the other types of support that could be provided) to restore his income to the level before the program. It should be noted that land holdings are generally fragmented and this applies to the case of Upper Egypt. Apart from the landowners, tenants might be using the land through different types of contractual arrangements with the owners.²⁴ Case-by-case analysis will need to be carried out by the Governorates before program implementation as will be elaborated in more detail below.

- **Land-related risks**

Limited capacities of the Governorates and other relevant organizations to manage land issues. Depending on the type of the project to be implemented, the capacity of the executing entity will be a decisive factor on the efficiency of land acquisition and on how social risk are being handled. The Governorates do not have sufficient experience and capacity to manage land acquisition and the associated social impacts. If ESA will be involved (in case eminent domain is applied), the capacity of ESA is much higher and they structurally use the step explained under Chapter 3.

Potential delay in the time scheduled as a result of land acquisition. Securing land and all the associated approvals on locations for various type of projects as well as the titles and legal ownership documents are among the bottleneck that affect the majority of the infrastructure projects. Steps normally take more than expected also with the changes in the design. One of the common risks is the delay by the executing entity in securing the allocation for compensation leaving high probably of escalated social risks.

²³ These estimates are drawing upon the experience in previous projects.

²⁴ According to the conducted consultations, the most dominant type of agriculture land lease contracts is for the duration of one year renewable.

Lack of a consistent and transparent approach in managing land-related issues. The process of land acquisition through willing buyer-willing seller or community contribution approaches entails some practices that lack consistency and transparency. For instance, there is lack of meaningful consultation with people affected when the land is acquired through mandatory procedures by following relevant laws and regulations in Egypt. The process tended to be of unilateral nature and this weakens the sense of credibility in the minds of individuals who are affected by land acquisition. When land is acquired through community contribution, and despite the positive arrangement of the community-led process for land donation and the fact that it reflects real demand for the project, the process is not transparently defined in the official contract for the land transaction. The individuals who are defined in the contract as 'donors' are actually 'sellers'. The poor documentation of the donation process under the community contribution approach is another risk on project credibility. There is also a lack of clarity over the actual steps and procedures that are taken to acquire land. This could be attributed to a limitation in the information sharing process. One of the key prerequisites for a willing buyer willing seller approach and in order for the project owner to claim that the process is done on purely voluntary nature, the siting alternatives is among the main steps that should be done and documented clearly. The existence of alternative site can support the view that the process was voluntarily and the seller/donor were given the freedom to refrain from the process.

In the meantime, the interviews with small investors in the Governorates revealed a number of challenges related to the land allocation including the absence of clear grievance mechanism for investor to channel their complaints in case their requests for land are rejected. The investors also showed concerns on the incompleteness of the registration process and how this has implications on the continuity of their business.

Livelihoods risk related to lands. On the livelihoods dimension, there is also the risk that certain landowners and users might get impoverished as a result of the land acquisition process. Apart from the official owners of the land, there might be other groups that could be making a living out of the land both legally (formal tenants) or illegally (informal tenants or squatters). These categories are sometimes invisible in the land transaction process and their rights and the impacts on them are not taken into account. Although the common practice of the executing authorities is to tackle such cases through a contractual article that imposes all responsibility on the official land seller, this practice is still risky and may result in serious social and economic implications on the individuals and families who do not own legal titles.

Poor management of the temporary impacts related to land. Extending pipelines and networks, setting up construction camps or installing electricity poles/ towers are potential activities that likely result in temporary disturbance to the use of land (for example, occupying land temporarily), damage to land-based assets (for example, damaging crops) or affecting the value of land. The common practice of the several implementing agencies (e.g. the Governorate and the WSCs) is to assign the responsibility of handling such impacts to the contractors. In several cases, the poor quality of the contractors'

performance along with the weak supervision from the executing agency increase the potential risk on affected persons from these impacts in case compensation is not fair or if the affected persons are not well informed and consulted.

- **Risk of damages associated with construction activities and poor management of temporary impacts on land**

This is particularly valid in the sanitation projects where operations of digging machinery in narrow streets of villages may result in substantial risk to the fragile houses and other structures. As the case for temporary impacts related to land, the process is heavily delegated to contractors for handling. In the cases of the low capacity of the contractors and if the measures are not explicitly indicated in the contract to minimize damage and in cases of weaknesses in the supervisory role over the contractor, the potential risk from such cases may escalate.

In the meantime, and as explained above, there are number of risks related to the cases where land is acquired on temporary basis for installing pipelines or power lines. The risks are mainly related to the lack of transparency in the valuation process for assessing the “mitigation of damage”, the timing of the compensation payment and the associated delays and the fact that the compensation is not considering the important dimension of the reduction of land value.

- **Weak sense of ownership and/acceptance and readiness for projects in certain communities**

As clearly indicated, this Program is badly needed in the 2 governorates since it will be tackling a lot of the key challenges and critical dimensions related to economic opportunities and service delivery. However, unless a participatory approach is followed to heavily engage with local communities, the Program may encounter the risk of weakened sense of ownership and acceptance to the Program and accordingly low sense of commitment and participation. If the top down model that is normally used in planning and implementing projects is followed in the Program and if the different interventions under the Block Grants are not demand-driven, communities will not be supportive.

- **Cultural challenges and absence of structured modalities for engaging with women and youth**

In Upper Egypt Governorates, the participation of women and the engagement and voice of youth are generally challenged due to the cultural barriers that give power and authority to the father or elder son over the mother/girls/ women. The male-dominated society has lately been changing in Upper Egypt with higher level of women engagement in work outside home, better levels of education and in more strengthen societal role. However, efforts to engage women in Upper Egypt still need to be made in a targeted way to ensure that they will be engaged.

On the youth front, the dominant culture is that the two governorates are rejecting environment with limited business opportunities and narrow room for engagement. The whole system within the Governorates is encouraging youth to find income opportunities or better education outside the

Governorates. In Qena, the team of the active Youth Employment and Training Office clearly stated that they help youth to get opportunities outside the Governorate or even outside the country because there is no enabling environment for youth to stay. The same message came from the interviewed stakeholders in Sohag.

“... the man who has been saving all his life, would spend all this life-saving to get an opportunity for his son outside the country..... some people even take loans to get money to send their kids outside the Governorate or even the country...”

A young man in a focus group discussion in Sohag Governorate

Without tackling the roots of this challenge by engaging with women and youth early on the process while providing them with the economic opportunities and engaging them in the decision making process, the Governorates will still run the risk that the participation of those segments of the community will remain weak.

- **Risks related to poor information sharing and fragmented grievance redress systems**

In all the previously identified risks (including land related risks), one key threat that crosscuts various issues is the absence of an appropriate information sharing mechanism that is firing with the communities’ capacities (e.g. percentage of illiterate) and a local level grievance system to handle any potential impact or risk that may emerge on the ground, in particular on the projects level. The current existing mechanisms for handling grievances and complaints are fragmented, centralized and irresponsive and will leave high potential opportunity for the escalation of unresolved community concerns/complaints.

- **Risk of social discontent as a result of excluding certain communities**

This risk is specifically valid in the type of projects that has high demand like the sanitation projects. For multiple technical and financial reasons, certain villages might be left behind without benefiting from the project. The risk emerges if the excluded areas are located near other areas that will be receiving the service. Leaving villages behind may create a sense of alienation, marginalization, and discrimination against the local residents of these villages. This was clearly flagged as a key planning issue that the Government need to pay into consideration²⁵. In many cases, weak communication with those unserved communities, including communicating the selection criteria, contributes to a deeper sense of anger and frustration. The risk in such cases expanded to affect the time schedule of the contractors working on the ground in other villages and resulted in drastic delay in the project delivery.

²⁵ The CDAs meeting in Qena Governorate

- **Limited level of capacities on the local level to handle social issues:**

Handling potential social risks and impacts in a structured and a diligent manner is one of the key prerequisite in order to the Program to move smoothly and attain its objectives. The EIA guidelines under the Egyptian system does not pay sufficient attention to the social assessment and the land issues. For category B projects, no more than one consolation is needed. This flags a possible risk of insufficient handling for social risks and impacts, particularly since the capacities on the ground are very limited.

4.4.3 Social Impacts

Potential Impacts during Construction

The construction phase is expected to generate a number of local job opportunities for the young men of the Governorates who can engage with contractors in various activities associated with the construction phase. This is specifically applicable for low skills jobs related to construction. In the meantime, a number of negative impacts might result from the construction phase of the project. This most importantly includes:

- Temporary impacts on land including the temporary use of land for construction camps and materials' storage and the potential damage to crops. As explained earlier in this section, the exact magnitude of this impact and the number of potentially affected individuals is difficult to determine at this stage.
- Permanent land acquisition and potential implication on the livelihoods of a number of rural individuals and families. As explained earlier in this section, the exact magnitude of this impact and the number of potentially affected individuals is difficult to determine at this stage.
- Inconvenience to the local communities and potential implication on the local activities within the villages, including distracting local business.
- H&S risks to workers and local residents within the project site.
- Potential damage to fragile structures during construction works.

Potential Impacts during Operation

As elaborated in section 4.2.1, numerous benefits and positive impacts are anticipated from the operation of Program. In the meantime, a number of social risks were identified 4.2.2. A sound Participatory Program design, an accountable system to engage, consult with and handle the grievance of the local communities will help in mitigating the risks. Diligent system for handling land-related issues is a key guarantees for successful project implementation. The risks should be handled carefully through actions and indicators as part of the PAP.

5 Program Capacity and Performance Assessment and Gap Identification

5.1 Performance with Regard to the Legal and Regulatory Framework

5.1.1 Environmental Aspects

The following summarizes the gaps identified in the existing environmental system, both in terms of laws and guidelines and in terms of actual implementation and procedures:

- Preparation of EIAs as licensing requirement is mainly done by the private sector, while many projects initiated by the government do not prepare EIAs.
- In many cases EIAs are prepared as formality while risk assessment, and the resulting mitigations measures, does not commensurate with the risk nature
- EMPs are not sufficiently followed up and environmental inspection is fragmented between EMUs and RBOs with little coordination
- Construction sites are not usually monitored for EMP compliance especially H&S
- There are limited qualified environmental and social consultants in the governorate and the expertise for of EIA preparation is usually imported from other governorates
- There is no requirement for consultation for Category B projects
- Law 4/1994 does not specifically demand having an impervious secondary containment of 110 percent of storage tank volume.
- Hazardous, nonflammable, substances are not effectively tracked
- Industries do not have feasible means to comply with hazardous waste disposal standards as no licensed facilities in Upper Egypt to handle hazardous waste
- Stack heights are not usually complied with by industrial facilities and there is little follow-up within this regards
- Emissions are rarely monitored, for lower active stacks, and no emission inventories are established. Engines, burners and furnaces are rarely checked for efficiency.
- Ambient air quality is monitored only in one point in the two governorates, not including the industrial cities and many major roads. Monitoring data is not disclosed to the public and is not used in the EIA and licensing procedures
- The Law standards do not include requirements to avoid raising the background noise at baseline conditions.
- Ambient noise monitoring is not consistently measured, the monitoring data is not disclosed to the public and is not used in the EIA and licensing procedures
- No effective tracking of compliance with occupational noise exposure
- Unserved areas with sanitation are not provided with adequate septate management system
- WWTPs treating with stabilization ponds do not have frequent plan for de-sludging and safe disposal of sludge

- Tree forests receiving treated effluents are not provided with arrangements for water balance in different seasons
- There is no general awareness among employers and workers to adhere to safe working measures.
- There is limited capacity to monitor H&S issues in industrial sites
- No effective law enforcement in Nile islands and many of those islands already comprise urban development activities

5.1.2 Land Acquisition

An analysis of current procedures and the regulatory framework related to land revealed that the existing laws and regulation have a number of positive aspects in dealing with land acquisition. This most importantly includes provisions related to compensation, sharing information with the affected persons, rights of affected persons to appeal, and provisions related to temporary damage and associated compensation.

In reviewing the legal and regulatory framework against international best practices, a number of gaps were identified in the land acquisition process, most importantly:

- **Consultation with affected individuals.** The legal and regulatory framework applied does not stipulate clear provisions for consultation with persons affected by the project and does not indicate any rights for the affected persons in selecting appropriate and technically and economically feasible resettlement alternatives and compensation alternatives. Also, there is no stipulation on the inclusiveness of the consultation process (gender, disabled, and youth).
- **Identification and compensation of entitled categories.** With regard to entitled persons and entitlements, some of the groups who could potentially be affected are not explicitly indicated. Squatters and formal and informal tenants are among the groups that could encounter some serious social and economic implications as a result of the land acquisition process without having a legal entitlement to compensation. In the meantime, the Egyptian legal framework for handling land acquisition does not stipulate any special attention, consideration, or special measure to be taken for the vulnerable groups (for example, individuals below the poverty line, the landless, female-headed households, the elderly, and handicapped).
- **Absence of proactive local-level mechanism for handling grievance.** As stipulated in the relevant laws, persons affected by the project have the right to object and appeal. However, the stated options for handling grievance are through the court. There is no mention for local modality to proactively handle complaints to minimize the cases that are escalated to the court.
- **Land valuation process.** The relevant law on land acquisition stipulates the market price and the committees to be formed for the valuation process. However, the valuation process of land might entail some inconsistency because of the absence of a strong formal land market in Egypt.

- **Replacement cost.** The legal framework does not indicate that the valuation of land and affected assets should consider the replacement cost.

5.1.2.1 Land Allocation

If the investor does not complete the construction of the project within the 3 year period, the land allocation committee is entitled to withdraw the land. However, in reality, withdrawals are not practiced in Qena and Sohag, particularly if the investor has started some form of construction. According to governmental officials, after the 25th of January and due to low occupancy rate in most of industrial zones, the land allocation committee usually contacts the owner to discuss the reasons for that, and usually does not take any serious actions.

One of the key challenges related to land allocation that the ESSA team knew about from the consultation is that most of the investors who completed the construction of their factories and started production cannot register their factories as private properties; the registration authority (El Shahr El Aqary) does not have regulations for free land registration. Land ownership is not transferred, thus, land remains non-registered. This was a big concern for investors in in Sohag and Qena. The land registration is required for the investor's activities, as well as to guarantee the benefits provided under the Investment Law, which includes: the right to acquire ownership of land and buildings required for carrying on the activity in question or increasing its scope; the right to directly import equipment, raw materials, and transportation vehicles appropriate for the nature of its activity; and the right to export directly.

5.1.3 Community Engagement

As explained under section 3.2.11 although mechanisms for engaging with communities are regulated by both legal/official systems (e.g. the LPC) and less formal systems (e.g. the social media), none of those examined modalities is actually serving the objective for having a meaningful citizen engagement system that helps in strengthening trust and assure local communities that they are partners and not merely receipts. While the Government strongly acknowledges the importance of engaging with citizens as a concept, the application is still way behind the expectations of the citizens. The key challenges are:

- The systems are generally characterized by being **fragmented and missing clarity on the accountability lines.**
- There is an obvious **absence of any mechanism that allows citizens to engage across planning, implementation, monitoring and evaluation of projects** in the Governorates. This leads to an absent sense of ownership from the communities' side and threats for the sustainability and the successful operation of the projects.
- While the engagement of high rank decision makers (e.g. the Governor) in direct communication with the citizens on regular basis is a favorable practice that shows very high commitment to

citizens, there is a concern **that the regular “Citizen meetings” are turning to a venue for merely receiving complaints.** It is also alarming that complaints are resolved quickly and efficiently if they pass through the route of the Governor weekly meeting. This is specifically risky because it sends a signal of potential malfunction on the executive level that should handle those complaints (with no need for acceleration). It also flags a risk that the worse off or other vulnerable categories (e.g. women, youth, handicapped) who cannot find their way to the meetings or a chance to talk will very likely be left unheard.

- The authority of **LPCs has many limitations since their role is largely consultative.** In the election of the LPCs, there is no real competitiveness because of tribal and cultural issues. The membership is monopolized in many cases by limited number of members who take the positions across subsequent rounds. Although **LPCs should be accountable to people,** in reality and in most of the cases the accountability of the LPCs are actually to the Government since they are operating as part of the Government system.
- The Governorates largely deal with the **electronic platform as methods for publicity** for the progress made in the Governorate and not as interactions or consultative modalities with citizens. Most of the comments posted on the Facebook page of Sohag are not responded to on the page.
- Although the CDAs are actively operating. Those **CDAs are among the under-utilized important assets that can greatly serve in enhancing the Government-citizen dialogue** and strengthen the process of reaching out and engaging with the communities. The missing trust between the Government and the CDAs need to be reestablished.

Communities in small cities and villages are more marginalized and less likely to engage because of **absence of appropriate local-level mechanism on the cities and the villages levels to engage with them.** This is specifically applicable to the groups who have been culturally and historically marginalized from public engagement (e.g. women and youth).

5.1.4 Grievance Redress Mechanism

One key merit about the existing system is the diversity of the uptake locations and the channels that the citizens can use to file a complaint. As mentioned above under section 3.2.11 citizens can resort to multiple channels to file a complaint. In the meantime, it is very obvious how high the political will is to ensure that complaints are filed and responded to in a timely fashion ²⁶ and that regular progress reports are produced. It was very also clear from the analysis that the cases where a strong registry system is used (e.g. in the electronic portal) without allowing chances of human errors and human

²⁶ The ESSA team was informed that a letter from the President Office was send around August 2015 to all OCC office in Governorates and other service line-ministries emphasizing the need for timely responsiveness to citizens.

²⁷ For instance, one of the common challenges is the incomplete information to register a complaint. However, this has never been tackled proactively by ensuring better disclosure for information including information on what kind of information is needed to register a complaint.

inversion in the process, the results are much better. However, the analysis of the existing mechanisms clearly revealed number of drawbacks and opportunities for improvement in the current system. The following are the key drawbacks identified:

- The OCC system is characterized by being **highly centralized** with only the offices on Diwan (Governorate) level in the capital city operating while the Markaz level are not equally functioning. The weak trust from the citizens, doubled by the tendency of the Governorate-level Departments to hold the power, are greatly contributing to the “centralization” of the system and is not motivating for better functionality on the Markaz/district level. **The cost of this practice is heavily paid by the poor and vulnerable groups of women, elders and groups of special needs** who have to travel to the Capital City where Diwan is located to file a complaint.
- Limited efforts are exerted to ensure that the OCC system is functioning on the Markaz level. The governorate OCC office is not tracking the complaints received on the Markaz level. Those complaints coming from the markazes/districts are not included in the monthly monitoring sheet.
- Although the government electronic portal is reachable online to everyone, it is risky and inappropriate to deal with it as a mechanism that can solely operate and serve people in the Markazes level because of the **high illiteracy rate and poor internet connectivity in many places**.
- There are also a lot of challenges related to the **registry and tracking of complaints**. Those steps within the GRM system are heavily affected by bureaucracy, poor sharing of information²⁷ and the limitation in resources.
- Because working to resolve a complaint is very much dependent on a wide range of entities with diverse capacities and diverse responsiveness levels, it is a **big challenge to have common commitment among different entities** that could be translated into a clear timeframe that everybody should adhere to in resolving the complaints. In the meantime, the referral to relevant entities (e.g. the water, electricity authority, etc.), in most of the cases, dilute the responsibilities and the accountability, specifically since the coordination mechanism between those entities and the Citizens Service Department is inexistent.
- In the meantime, **citizens’ behavior** is also one of the factors that add complication to the process. In most of the cases, citizens prefer to send the complaint to multiple numbers of entities because this behavior makes them feel that the probability of solving their complaints is getting higher. There is also this embedded culture that the higher the administrative and executive level the complainer goes to, the more likely the complaint will be resolved. This also reflected a circle of weakened trust between the citizens and the executive authority.

²⁷ For instance, one of the common challenges is the incomplete information to register a complaint. However, this has never been tackled proactively by ensuring better disclosure for information including information on what kind of information is needed to register a complaint.

“... if a person in a village has a complaint, he goes to the business center to type the complaint on computer.... The guy of the center convinces the complainer to send 5 or even 10 copies to all levels... from the President, to the Prime Minister, Undersecretary ... etc. Each of these copies costs EGP 5. It is beneficial to the guy in the center but he is playing on the mistrust part of the citizen”

Meeting with one of the officials in Qena Governorate

There are also a number of capacity and institutional challenges that are explained in more details under section 5.2.3.

5.2 Adequacy of Institutional Arrangements and Capacity

5.2.1 Environmental Aspects

The environmental aspects are implemented by various authorities depending on the sector (water, air quality, health and safety ... etc.) and they have different capacities and effectiveness, as indicated earlier in Chapter 3.

The capacity of environmental assessment and preparing EIAs/EMPs for projects is various among the implementing agencies of the Program. The capacity within the Governorates, which would be the main implementing agency, is relatively higher than other counterparts as they have the EMUs within their structure with relative experience in environmental assessment. Water companies would also have relative experience as they usually submit EIAs for their new projects. Other agencies, such as the roads directorates would have limited experience, therefore the technical assistance and capacity building under the PAP is focusing on bridging this gap and improving the environmental assessment system.

In terms of monitoring and follow up on existing projects, the main institutional and capacity gaps are related to the limited number of staff in both RBOs and EMUs, as well as in some other organizations, and the fragmentation in environmental inspection between the two entities. Such gaps are addressed in the PAP.

5.2.2 Land Acquisition

An analysis of the existing institutional arrangement and capacity for handling land acquisition issues showed a number of shortfalls and gaps that need to be addressed to allow for an enhanced and transparent system in dealing with land acquisition. The following are the main identified gaps:

- Land issues are being largely managed through a **technical and legal orientation**. The departments which is interacting with the local communities and has mandates for handling

social aspects does not have a role to play in the process of land acquisition (including consultations with affected individuals).

- There is **substantial lack of capacity in dealing with the social impacts** related to land acquisition. This includes, but is not limited to, lack of experience in dealing with complaints related to land; lack of any knowledge of the potential adverse impacts of land acquisition on people's income and livelihood; and lack of any skills to carry out consultation with landowners.
- Absence of the **inter-agencies coordination role** to facilitate the process of obtaining approvals.
- **Shortage in human resources** to handle land acquisition issues in a more diligent and transparent manner.
- **Absence of institutional responsibilities and mandates for local-level grievance** to handle land-related complaints and concerns.

It is worth noting that the mentioned institutional assessment has focused on the Governorates for being the key implementing agencies for the Program. However, the assessment also examined some of the departments within the directorates that could be sub-contracted by the Governorates for implementation (e.g. the water and waste water and the electricity companies) and the identified gaps above apply on those entities but with slight different extents.

Land Allocation

The consultations with various groups revealed number of challenges related to the limited information available to investors on the land allocation process. There are no clear procedures, guidelines, terms and conditions. The land allocation committee chaired by the Secretary General is the governmental body responsible for land management. In both Governorates, is no clear criteria on the size and location of land for each investor.

5.2.3 Community Engagement

As elaborated under section 5.1.4 above, there are number of challenges that are affecting the effective operation of the current modalities that are meant to help the governorates to engage with citizens. On the institutional level of those modalities, the analysis showed the following:

- Although serving citizens is within the core of the local government mandates, the culture of engaging with citizens is absent from the local government and other local organizations.
- Very limited institutional capacity with absence of dedicated teams (and clearly absence of mandates and ToRs) and tendency to deal with citizens only from a public relations perspective.
- No plans or operational guidelines are developed or used.
- No monitoring system is operational for the existing modalities and how they are performing.
- Absence of institutional modalities for engaging with people on the local level, particularly those who are in villages and small cities.

There are several barriers for elected representatives to effectively participate in the local administration system and fill the responsibility of engagement with citizens. LPCs do not always have

the technical capacity and insight to neither properly monitor nor evaluate the local development plans nor to engage with citizens.

5.2.4 Grievance Redress Mechanism

The Presidential decree number 70 year 1981 clearly stipulated the roles and responsibilities of the OCC and the qualifications needed to be assigned in this office. In practice, a lot of institutional and capacity challenges face the OCC:

- Limited capacity of the existing human resources on the OCC level in general and specifically the OCC on the Markaz level. In Sohag Governorate, the OCC department is composed of 8 persons (only 3 are researchers and the rest are admin) while in Qena Governorate, there are 13 researchers and few administrators. There is representation for OCC on the Markazes level but, as previously mentioned, with very limited number of staff and very weak capacity.
- Staff has very limited exposure and very limited knowledge on how to creatively and differently do business and handle emerging issues.
- Members of the OCC do not benefit from any regular training or capacity building activities.
- Lack of standard operating procedure with details on responsibilities, accountability, steps and timeframes to follow when dealing with complaints.
- Although the Decree of 1981 includes brief ToRs for the personnel working in the OCC, more detailed sets of ToRs including the different functions (head, researchers, admin staff...etc.) are still needed.
- The poor facilities and working conditions of the OCC are serious challenges that discourage the teams in charge and limit the space for improving the process (e.g. difficulty in better documentation because the system is largely manual, accordingly difficulty in assessing the real volume, types and frequencies of complaints, etc.).
- The process of coordination between OCC and other line-ministries is predominantly ad-hoc with absence of a structured mechanism (apart from the weekly Citizens Meetings) that coordinates and synergizes efforts to meet the end interest of satisfying citizen. The most common solution is to resort to the Secretary General or the Governor to intervene.

"... what can I say... it's a big challenge to get a response from other entities. Certain Directorates are very irresponsive... things can last there for years if it were not for us pushing hard. I know it is not right to ask for the help of the Secretary General but what else could be done. Nothing will be accomplished if I do not do so"

OCC officer in Sohag Governorate

The electronic portal is not officially mapped to the Governorate but its functionality and its relevant efficiency are driven from number of facts: it reports to the Cabinet, citizens have direct access to the system and everything is well documented, tracked and monitored (including all annexes related to the case, to the progress in addressing the issue, etc.).

6 Actions to Address Identified Risks and Gaps

The proposed actions in this Chapter are addressing the gaps previously identified in the ESSA. All the proposed measures are to strengthen the local capacity for effective implementation of existing laws and regulations. None of the measures are suggesting regulatory reforms or will have any impacts on the existing environmental and social regulations as most of the identified gaps are in the procedural aspects of implementing those laws.

6.1 Actions to Address Identified Environmental Risks and Gaps

In order to enhance the capacity of preparing ESIA's and following up the ESMPs there should be qualified environmental specialists, one at the PCO level (minimum experience 10 years in environmental assessment) and one for each of the two LIUs in Sohag and Qena. The main tasks of the PCO/LIUs environmental specialists will be:

- Reviewing the PG interventions and clearing that no subprojects will be considered of significant, diverse impacts that are sensitive, diverse, unprecedented and/or affect large area of land. The environmental specialists will use the criteria indicated in Chapter 4 to classify subprojects. The Bank team will provide training to the environmental specialists, once onboard, to carry out adequate classification of subprojects.
- Supervise the preparation of ESIA's of subprojects to ensure adequate assessment of risks and practical/effective mitigation measures in the ESMP. This task may take various forms as required, such as preparing ToRs and providing guidance to environmental consultants in preparing ESIA's, help reviewing ESIA's and provide QC, support government agencies in preparing ESIA's and build their capacity.
- Provide technical support to RBOs and EMUs in environmental inspection and follow-up on ESMPs. The environmental specialists will play an active role in coordination between the two entities to implement an effective follow up plan. The environmental specialists will also provide capacity building and on job training to the staff of the two entities
- Follow up the implementation of the other environmental PAP measures as clarified below.

The PCO/LIUs will be supported in performing the above tasks with a parallel Technical Assistance (TA) where there will be a separate budget to use external consultants or to purchase necessary equipment to carry out their tasks.

The PCO/LIUs will develop a manual during the first year of the Program implementation that includes the different measures for improving the environmental system. The manual will include measures for improving the environmental assessment system, improving the environmental inspection and follow-up system and improving waste management at industrial cities as follows.

Improving the environmental assessment system:

The PCO/LIUs environmental specialists are expected to support the ESIA preparation and ESMP follow up as indicated above. They will work on that with different government organizations in the two governorate. The following are the minimum improvements expected during the Program duration:

- Government entities (such as Directorates of Roads, Water and Sanitation Companies, electricity transmission and distribution companies ... etc.) are preparing ESIA's according to EEAA guidelines on a timely manner and getting the approval of EEAA before construction commences.
- Improve the depth of risk assessment and details of mitigation measures for higher risks subprojects, which could be through using external consultants using the parallel TA budget, considering the following specific aspects (among others as necessary):
 - ESIA's for roads construction and widening should include diligent assessment of the impacts on ambient noise and air quality. The additional ambient noise levels should not exceed 3 dBA.
 - ESIA's for Projects in Nile islands should consider the impacts on the natural setting of the island. Only interventions with minimum impacts should be allowed when there are no other feasible alternatives with adequate mitigation measures in place
 - ESIA's for wastewater treatment plants should include an adequate water balance to ensure sufficiency of the tree forest to receive the treated effluent. Special plans should be prepared for adequate management of sludge
 - ESIA's for solid waste management projects should include diligent assessment of the impacts on soil, groundwater and public health. ESMPs should be commensurate with the level of risks.
 - ESIA's for new industrial facilities should consider stack height conditions according to GIIP principals, and should consider that fuel tanks should have an impervious secondary containment with 110% of the storage capacity.
 - ESIA's for Category B projects should include at least one consultation session and should be disclosed to the public²⁸.
- Strategic Environmental and Social Assessments should be carried out along with the cluster competitiveness initiatives to ensure that the cluster development is environmentally sustainable.

Improving the environmental inspection and follow-up system:

- Coordinated environmental inspection and follow up plans should be prepared collectively by EMUs and RBOs. This would be facilitated by the PCO/LIUs under the supervision of the Governorates Diwan and EEAA headquarters.

²⁸ Which is not a requirement under the national system

- Sub-projects under the PGs should be visited by RBOs/EMUs with technical support from PCO/LIUs frequently during construction and operation to follow-up ESMPs and to update their environmental register including their hazardous substances register
- Improve inspection on H&S issues in construction sites and industrial facilities through the above visits

Improvement of waste management and health and safety conditions in industrial cities

- Prepare, through the TA, a risk assessment study for hazardous wastes generated in industrial cities and means for handling the waste using the best available technologies and train different stakeholders
- Initiate a dialogue, led by governorates and coordinated by PCO/LIUs, to initiate a hazardous waste facility serving Upper Egypt.
- Establishment of workers centers in industrial that will provide services to in the fields of health and safety, . The centers would have access to health and safety experts to advise workers on health and safety conditions specific to their work, provide medical advice on occupational health related issues. The workers centers should also provide special facilities to the women workers in the industrial zones (e.g. day care centers for children, awareness classes ...etc). Those are meant to be measures to encourage women participation in the jobs that will be created in the industrial zones.

Developing and implementing the environmental manual will require training and capacity building to different entities responsible for implementation. A training and capacity building program will be prepared during the first year of Program implementation and will include:

- Training for PCO/LIUs to classify projects category according to WPG requirements so as to screen off projects with significant impacts. This will be provided by the WPG team upon recruitment of PCO/LIUs environmental and social staff
- Training for RBOs and EMUs on effective environmental auditing and inspection. This will take different forms, from traditional face-to-face training workshops to on-the-job training provided by PCO/LIUs staff.
- Training on risk assessment and management to be provided to RBOs, EMUs and management of industrial cities.

The training and capacity building program shall be reviewed annually and updated as necessary

6.2 Actions to Address Identified Social Risks and Gaps

To address the previously identified social risks and to maximize the social benefit and emphasize an inclusive approach, the design of the program took into consideration the number of measures

indicated below. Enhancement of institutional capacities should involve assigning qualified human resources (including senior social specialist), training them, and equipping them with the tools required for them to implement and monitor the specified measures. The action to address the identified risks will entail procedural, executive and institutional dimensions. They will largely revolve around two main dimensions: (a) measures to address land related risks and (b) measures to strengthen inclusion and citizen engagement. As will be explained in more details below, the preparation and the application of **Social Implementation Manual** will help as a key intervention that will enable the Program in addressing the various social risks and in managing the social issues in a way that maximizes the benefits and mitigate any potential negative impact. The Social Implementation Manual will set forth the procedures and steps to be followed in:

- Handling land acquisition;
- mitigating risk and strengthening the social impacts assessment system; and
- enhancing citizen engagement.

One key crosscutting dimension to the proposed actions is youth and women mainstreaming. As indicated in the analysis of the ESSA above, youth should be a key player in the delivery of UELD. Youth inclusion and engagement are key prerequisites for the success and sustainability of the program. Measures should be designed in a manner to ensure that youth and women are getting equitable access to the project benefits and are given a space to participate in the planning, implementation and monitoring the Program. The key proposed measures are summarized below.

Actions for handling land related risks

1) Support the Governorates in setting a screening mechanism:

As part of a parcel for improving the Program systems, the Investment Menu will introduce a mechanism to allow the Governorate to screen out the project and the activities that may result in significant impacts on individuals as result to land acquisition. In very general terms, the selection of the land for various projects should give priority to the options with the least impacts on people (e.g. vacant state owned land with no uses). The negative list of expenditures contains items for which the PG funds cannot be used. Any project or activity that will result in significant resettlement impacts, economic displacement (e.g. loss of livelihoods) or physical displacement as consequence of involuntary resettlement should not be eligible for funding. To define the severity of impact, the Governorate should carry out an assessment for the size of land acquisition and its implications on the users and owners should be conducted early on the process (e.g. impact could be assessed as insignificant in case the number of affected persons is limited and the taken land is minor (e.g. 10% or less of all the affected person holding and no physical relocation is involved). The Bank should provide capacity building support to the Government to carry out this screening exercise.

2) *The Governorates to establish and operate a standardized and inclusive approach for land acquisition (land acquisition guidelines to be prepared and implemented)*

To address the identified gaps and social risks related to land acquisition and given the importance of land acquisition for the completion of various projects under the Block Grant, a system should be established and functionalized to ensure that the land acquisition process using various approaches is implemented in a diligent, transparent and efficient manner. The Program Coordination Unit (PCO) in close coordination with the Governorates and other relevant line ministries/stakeholders should facilitate the process of preparation of land acquisition guidelines as part of the social management manual that will be developed as per the PAP. The guidelines should be prepared by the relevant teams and they should be applied in all the cases of the projects that will require acquisition of privately owned land or the state owned land with illegal uses or squatters either permanently or temporarily. The land acquisition guidelines should include clear procedures and steps that should be followed in different scenarios including the principles of willing buyer willing seller and donation approaches and when the process could be classified as donation or willing buyer willing seller. It should guide the PCO/LIUs in dealing with the cases without legal title, squatters and illegal users through paying appropriate compensation or other types of support. The guidelines should also help the PCO/LIUs teams in the early identification of any potential livelihood risks related to land acquisition and set measures for addressing this type of risk. The guidelines should set the measures to ensure that land acquisition is conducted transparently and that standards, rules and decisions are not communicated effectively to affected persons.

Commitment of the LIUs and the other implementing agencies to the application for the guideline should be ensured and progress reports on the implementation of the manuals should be prepared. This could be attained through the following:

- Ongoing consultation during the preparation of the land acquisition guidelines will strengthen the sense of ownership and ensure that the proposed procedures are technically viable and practical.
- Wide dissemination of the land acquisition guidelines, including on all the entities that will play a role in handling land issues, and building capacity on the tools for its application should be assured.
- The land acquisition guidelines should be clearly reflected in the responsibilities (ToRs) of the assigned teams to ensure that the stipulated procedures are actually followed.
- Linkages between the application of the land acquisition guidelines and the performance of the Program team in the Governorate.
-

3) *Establish a Protocol between the PCO/LIUs and the other executing agency to facilitate the land acquisition process*

- As part of enhancing the process of land acquisition, a Protocol should be signed between the PCO/LIUs and relevant line ministries (e.g. local governorate units, roads, water and wastewater,

electricity ...etc.). Develop an MoU between the ministry and different entities in charge of provision of the land approvals. These entities include the line ministries as well as the concerned governorate and LGUs. This Protocol should work as an umbrella agreement to set forth the cooperation among the various entities to ensure securing approvals on a fast track basis and work to prevent any potential delay in the process of land acquisition. The Protocol should stipulate any required measures to be taken (for example, establishing a higher committee or governorate-level committee) to ensure close coordination for timely delivery.

4) Strengthen the capacity of the PCO/LIUs and the other executing agency to manage land acquisition (Implementation Support for Citizen Engagement Aspects)

- The social specialist who will be assigned as part of the PCO/LIUs should be mandated, among other responsibilities with the land acquisition related responsibilities. The social specialists should coordinate closely with the Legal and Properties Departments with the objective of addressing the social implication related to land and ensuring that the various principles according to the land acquisition guidelines are addressed. Training and capacity building should be provided to this team as indicated below.

Training and capacity building will be key prerequisites to enable the teams to carry out their responsibilities as stipulated in their ToRs. The main areas of support the land acquisition part of the Program implementation are given below.

- 1 Providing assistance in the development of the land acquisition Guidelines
- 2 Supporting the governorates, LGUs and relevant executing agencies in strengthening their land acquisition process.
- 3 Providing assistance to governorates, LGUs and relevant executing agencies to strengthen their monitoring system for the land acquisition.
- 4 Support in the establishment of local level grievance system for handling land issues.
- 5 Support in the establishment of transparent information sharing

Annex 5 include support guidelines for the land acquisition process

Annex 6 includes a basic outline for the land acquisition

Actions for strengthening the social impacts assessment (SIA) system:

Because the SIA system has its own weaknesses as explained above and since the impacts identification and assessment is a key prerequisite to handle any future risks or impacts, strengthening the SIA system will be necessary in order to maximize the social benefits from the implementation of the Program, minimize social risks and mitigate any negative impacts. The Social Implementation Manual will include

a section on how to prepare SIA and how to better incorporate the social dimension in the ESIA preparation.

The measure is also meant to enable the PCU/LIUs to introduce transparent methods for consultation, sharing information and implementing effective communication campaign to ensure that decisions for investments are transparent to affected communities. This should be also synergized with the PG guidelines.

Acts for strengthening the System of Citizen Engagement

As examined in Chapter 3 and 5, the process of citizen participation and grievance redress mechanisms currently entails a large number of shortfalls that can be majorly attributed to the limitation in scope, lack of coordination, high centralization and human capacity. A number of measures will need to be taken to strengthen the system of citizen participation and GRM involving: (i) incorporate a participatory approach in the strategic plan (ii) the development of public participation and GRM guidelines and (iii) assigning the required human resources.

- **Citizen Participation Guidelines**

Citizen participation is embedded in the PforR design as a cross cutting element and will play a key role in the way governorates and districts will carry out their mandates, especially with regards to strategic planning and budgeting. Citizen participation is also a feature of the community development projects that will be supported under this Program and be part of the Environmental and Social Management Plan (ESMPs) process for the Category B capital investments under financed as part of the PforR.

To support public participation in a coherent and harmonized way at the governorate and district levels a set of guidelines will be elaborated to cover the four elements of public participation under this Program: (i) strategic planning, (ii) governorate and district budgeting, (iii) community development projects and (iv) environmental and social management plan. For each of these modules, the level of participation will be clearly defined in the guidelines.

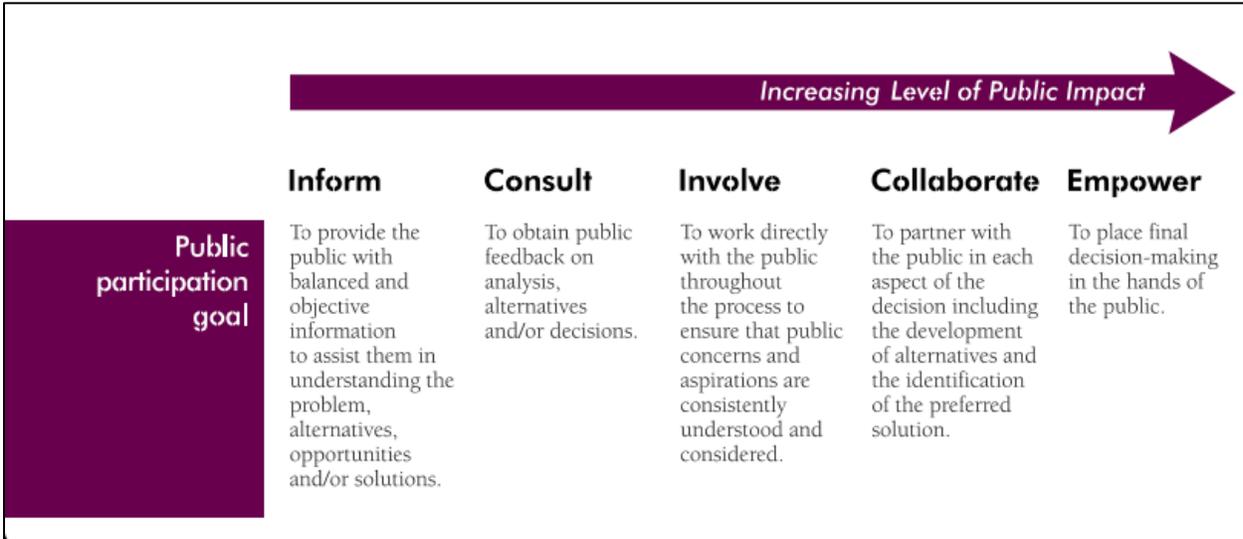
Table 9. Citizen Engagement Guidelines – in four modules

Module	Objective	Level of Participation (to be confirmed during guidelines preparation)
1. Strategic Planning	Embedding CE in governorate 5 year strategic planning, including preparation, implementation and monitoring	<ul style="list-style-type: none"> ▪ Involve ▪ Collaborate
2. Budgeting	Embedding CE in governorate and	<ul style="list-style-type: none"> ▪ Involve

	district annual budgeting cycle	▪ Collaborate/Empower
3. Community Development Projects	Defining modalities for CE in the community development projects process	▪ Empower
4. Environmental and Social Management Plan	Detailing good practices for public consultation on Category B capital investments as part of the ESMP	▪ Consult

The level of participation in the table refers to standards outlined by the International Association for Public Participation (IAP2), see figure below.

Figure 7: Spectrum of public participation (IAP2)



The guidelines will be prepared to be very practical and user-friendly and include a core Introduction & Overview component and four practical modules giving clear step-by-step processes to ensure good quality and inclusive participation (including a focus on women, youth and outlying communities). For every module, the guidelines should include some concise steps for ensuring regular and up to date information flow to ensure participants are well informed at the various stages of involvement.

Below is a proposed outline for the Public Participation Guidelines:

Basic Content for the Public Participation Guidelines

Introduction and Overview

- *Introduction*
 - Presentation of the what and why of the guidelines
 - Description of guideline users and uses
- *Overview*
 - Description of contents of the guidelines
 - Summary of the content of each module
 - Explanation of inter-linkages between the four modules

Module 1: Governorate Strategic Planning

- Explain governorate strategic planning - *definition, objectives, processes, outputs*
- Define actors & roles - *describe roles and responsibilities, including citizens with special focus on youth and women*
- Characterize practical steps for public participation in Governorate Strategic Planning - *include a 5 to 10 step process to enable quality and inclusive public participation (e.g. establishing of youth-Government dialogue modality)*
- Monitoring & Feedback - *guidance on monitoring and reporting on the performance and quality of public participation*

Module 2: Sub-national Budgeting Cycle

- Explain sub-national budgeting cycles - *definition, objectives, processes, outputs*
- Define actors & roles - *describing roles and responsibilities, including citizens*
- Characterize practical steps for public participation in sub-national budgeting cycles - *include a 5 to 10 step process to enable quality and inclusive public participation*
- Monitoring & feedback - *guidance on monitoring and reporting on the performance and quality of public participation*

Module 3: Social Impacts Analysis (SIA) and Environmental and Social Management Plans (ESMPs)

- Explain SIA *definition, objectives, processes, outputs*
- Explain ESMPs - *definition, objectives, processes, outputs*
- Define actors & roles - *describing roles and responsibilities, including citizens*
- Characterize practical steps for public participation in ESMPs - *include a 5 to 10 step process to enable quality and inclusive public participation*

- Monitoring & feedback - *guidance on monitoring and reporting on the performance and quality of public participation*

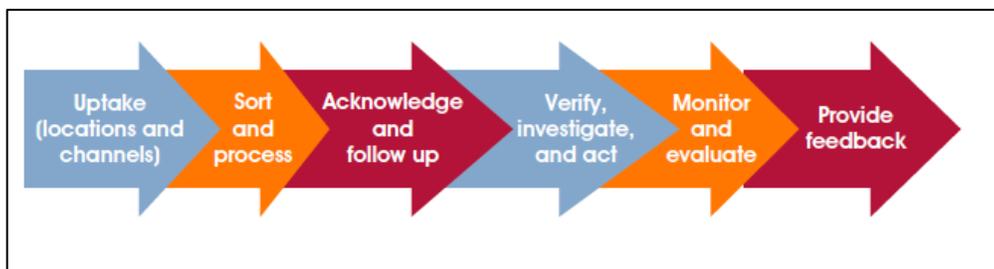
Annexes to include all the templates, checklists, and guiding documents

- **Grievance Redress Mechanism Guidelines**

An institutionalized grievance redress mechanism (GRM) is a system by which queries or clarifications are responded to, problems are resolved, and complaints and grievances are addressed efficiently and effectively.

To support the development of a coherent, efficient and harmonized grievance redress mechanism at the governorate and district levels a set user-friendly guidelines will be elaborated to cover the key stages of grievance redress mechanism: (i) uptake, (ii) sorting and processing, (iii) acknowledge and follow up, (iv) verify, investigate, act, (v) monitoring and evaluate, (vi) provide feedback.

Figure 8: Grievance redress mechanism value chain



In order to prepare the guidelines, the following steps will be carried out in close coordination with the participating governorates and districts:

1. Survey exiting formal and informal GRMs (partly covered in the baseline section above)
2. Estimate users and resources for GRM
3. Develop standard operating procedures/flowcharts
4. Develop and publicize GR policies
5. Assign GR tasks and train staff
6. Stimulate external demand for GRM

Below is a proposed outline for the Public Participation Guidelines:

Governorate and District GRM Guide

Section 1: Introduction and Overview

- *Introduction*
 - Presentation of the what and why of the guidelines
- *Presentation of existing practices for GRM*
- *Presentation of the GRM value chain*

Section 2: Practical Steps for Establishing a GRM

- *Provide practical information to cover all steps of the GRM value chain: (i) uptake, (ii) sorting and processing, (iii) acknowledge and follow up, (iv) verify, investigate, act, (v) monitoring and evaluate, (vi) provide feedback*

Annexes to include all the templates, checklists, and guiding documents

Assign Human Resources for dealing with social risks and for citizen Engagement

It is recommended that the human resources within the PCO, LIUs, governorates and districts are strengthened to ensure diligent consideration of the various citizen engagement aspects, including public participation and GRM, and to work proactively to address the social risks along the various stages of the project. It is recommended to assign a Citizen Engagement/Social Specialist at the LIUs to ensure close coordination with the assigned governorate and district staff.

At the governorate and district levels, citizen engagement teams (including a focal point) should be assigned from the existing human resources. However, a review of their previous performance along with the relevance of the existing staff qualifications and experience to carry out the citizen engagement functions should be carried out before deciding on the members to be selected.

The governorate and district level citizen engagement teams will be assigned to take care of day-to-day consultation and communication with local communities as well as persons affected by the land acquisition (see section on land acquisition).

The scope of work and the TORs of the teams to be assigned for the citizen engagement teams will be developed as part of the preparation of the Public Participation Guidelines (actors and roles section) and the GRM Guidelines. The assigned teams should be capable and competent to carry out all the tasks related to citizen engagement and mitigate social risks at different levels and along different stages of the project.

Linkages with ICT systems will be explored at governorate and district levels as part of the preparation of the Public Participation and GRM Guidelines to strengthen system optimization, including for information disclosure uptake channels (SMS, web-based, social media), sorting and processing

(automated workflows) and feedback.

Box 3: presents a preliminary idea about the key responsibilities of the citizen engagement teams at the levels of the LIUs, governorates and districts.

At the LIU level

The citizen engagement specialist at the LIU level should be responsible for the overall performance of the program with regard to community-related activities and managing social risks associated with the program, with a particular focus on public participation and grievance redress mechanisms. With the team, he or she should design the overall citizen engagement and the risks mitigation strategy and follow up closely on their implementation. He or she should mentor, monitor and evaluate the performance of the citizen engagement teams at the governorate and district levels. The CE Specialist should work closely with the senior land acquisition officer to develop joint plans that incorporate land-related impacts along with diligent and proactive measures. The Citizen Engagement Specialists should report to the head of the LIU.

At the governorate level

A governorate citizen engagement team (including a focal point) should be assigned at each governorate, from existing governorate human resources. They should work together as a team and with the administration and district-level CE teams to execute the strategy related to citizen engagement and mitigation of social risks. The governorate citizen engagement teams will be responsible to carry out the tasks detailed in the Public Participation Guidelines and GRM Guidelines and report to the Citizen Engagement Specialist at the LIU level.

At the district level

A district level citizen engagement team (including a focal point) should be assigned at each district, from existing district human resources. They should work together as a team and with the administration and governorate-level CE teams to execute the strategy related to citizen engagement and mitigation of social risks. The district-level citizen engagement team will be responsible to carry out the tasks detailed in the Public Participation Guidelines and GRM Guidelines and report to the Citizen Engagement Specialist at the LIU level.

1. Implementation Support for Citizen Engagement Aspects

Training and capacity building will be key prerequisites to enable the citizen engagement teams to carry

out their responsibilities as stipulated in their ToRs. The main areas of support for program implementation are given below.

The Public Participation and GRM Guidelines will set the foundation for the work of the citizen engagement team. The implementation support in this regard will entail:

- 1 Providing assistance in the development of the Citizen Engagement and GRM Guidelines
- 2 Supporting the governorates and districts in strengthening their public participation and GRM systems.
- 3 Providing assistance to governorates and districts to strengthen their M&E system with regard to public participation and GRM.
- 4 Providing training to the governorate and district level CE teams and relevant stakeholders on citizen engagement - related aspects, initially focusing on public participation and GRM as described in the guidelines.

Initial training modules to be provided to the governorate and district level citizen engagement teams:

- Participatory planning and budgeting
- Community sensitization & mobilization
- Meeting and workshop facilitation
- Information sharing and disclosure
- Monitoring and reporting for CE

It is also essential as part of the capacity-building process of the assigned staff and the implementation support to provide the required logistical support to enable them to carry out their mandate and perform the tasks that will be requested from them. Logistical support will involve office based facilities as well as the required facilities for frequent field visits to carry out consultation and facilitate direct interaction.

Table 10. PAP Measures According to the Core Principals of OP 9.00

Core principal	Assessment	Proposed measure	Responsibility	Monitoring indicators	Time of implementation and frequency of monitoring	Corrective action in case of deficiency
<p>Environmental and social management procedures and processes are designed to promote environmental and social sustainability in the program design; avoid, minimize, or mitigate adverse impacts; and promote informed decision-making relating to the program’s environmental and social impacts.</p>	<p>The existing system allows for early screening of environmental impacts and mitigating those impacts through the ESIA process. There are institutional risks within the implementing agency (Substantial)</p>	<p>The PCO should recruit a qualified environmental specialist who will lead the ESIA preparation process. The LIUs at the 2 governorates will include environmental specialists that will follow up ESMPs during sub-projects implementation. There is a comprehensive TA and capacity building component to environmental stakeholders</p>	<p>PCO and the LIUs at the governorates</p>	<p>Environmental specialists recruited at PCO and each LIU</p> <p>Environmental and social implementation manual will be prepared and applied.</p> <p>The ESIA’s prepared and approved by the EEAA in a timely manner</p> <p>Special arrangements are done for the preparation of ESIA’s of higher risk projects (more comprehensive ToRs and more budget allocated)</p> <p>ESMP measures included in construction contracts</p>	<p>Recruitment of the LIUs and PMU specialists to start during the first quarter of Program start-up. Sufficient budget/ToRs allocated for ESIA’s of higher risk projects according to need. Clearance of the ESIA’s is a pre-condition for signing construction contracts. Monitoring of ESMPs should be done through field visits by RBOs/EMUs with guidance from PCO/LIU at least once annually during construction</p>	<p>In case of un-captured risk/impact, the ESIA process should be reviewed to fill the gap accordingly and learn from the experience. In case of noncompliance with the ESMPs, the responsible contractor/operator should be accountable for corrective measures.</p>

Core principal	Assessment	Proposed measure	Responsibility	Monitoring indicators	Time of implementation and frequency of monitoring	Corrective action in case of deficiency
				<p>and operational manuals of new facilities</p> <p>Monitoring field visits are performed by LIUs.</p> <p>Updated Environmental Register prepared for each sub-project during construction and operation phases</p>	<p>and operation of Program facilities. Indicators will be monitored quarterly during the first two years and then annually.</p>	
	<p>There are lack of facilities for handling wastes of industrial cities and other infrastructure projects (medium)</p>	<p>Improve operation of waste services in industrial cities</p> <p>Improve the risk assessment process at the level of industrial cities</p> <p>Provide TA to relevant stakeholders on best available</p>	<p>Specific TA provided to support industrial cities and provide training to stakeholders</p> <p>Governorates with facilitation from PCO/LIUs</p>	<p>Enhanced operation procedures for waste collection and handling within industrial cities</p> <p>Stakeholders in industrial cities are trained on best available technologies for hazardous waste management</p> <p>Documentation showing the dialogue</p>	<p>To start during the first year of the Program and to continue in the following years as required.</p>	<p>Identify the deficiency, analyze the reason for the deficiency, and take corrective measures accordingly.</p>

Core principal	Assessment	Proposed measure	Responsibility	Monitoring indicators	Time of implementation and frequency of monitoring	Corrective action in case of deficiency
		<p>technologies</p> <p>Start dialogue with investors and donor agencies to promote having a hazardous waste facility in Upper Egypt</p>		<p>on promoting the establishment of a hazardous waste facility in Upper Egypt</p>		
	<p>Cluster competitiveness initiatives may not be done in a sustainable manner (medium)</p>	<p>Cluster competitiveness initiatives to include strategic environmental and social assessment and the assessment recommendations adopted the action plans</p>	<p>The implementing agency under supervision of PCO</p>	<p>Cluster competitiveness action plans include environmental and social actions to minimize impacts and risks</p>	<p>Once competitiveness initiatives are ready. The implementation of sector action plans to be monitored annually</p>	<p>Competiveness action plans to be reviewed and action plan modified accordingly</p>
	<p>Fragmentation among the two environmental entities (Medium)</p>	<p>Coordinated program for inspection/follow up is developed</p>	<p>Governorates and EEAA</p>	<p>Consolidated plan is developed</p>	<p>During the first year of implementation. To be monitored annually</p>	<p>Identify the deficiency, analyze the reason for the deficiency, and take corrective</p>

Core principal	Assessment	Proposed measure	Responsibility	Monitoring indicators	Time of implementation and frequency of monitoring	Corrective action in case of deficiency
						measures accordingly.
	Screening out Cat-A type interventions	PCO/LIUs are trained to screen PG subprojects and exclude any Cat-A type interventions	PCO/LIUs with support from the WB team	PCO/LIUs trained on screening criteria Random review of large/significant projects under the PG	Already included in program design. A review of the procedure will be done annually	Included in minimum requirements for PGs.
	Screening out the high risk interventions with significant land acquisition impacts	PCO/LIUs are trained to screen PG subprojects and interventions with significant land acquisition impacts	PCO/LIUs with support from the WB team	LIUs trained on the screening criteria Random review of large/significant projects under the PG	Already included in program design. A review of the procedure will be done annually	
	There is no solid country system for social assessments. Although the social component is stipulated in the EIA system, there	The PCO and LIUs should recruit experienced social specialists who should be responsible for, among other things) ensuring that social assessments are prepared for each	PCO at and the LIUs at the governorates	Social specialists recruited at the PCO and the LIU Social assessment and social management plan prepared (to be included as part of the Block Grant manual). IVA to measures	Recruitment of the LIUs and PMU specialists to start during the first quarter of program start-up. Indicators will be monitored through quarter reports to be prepared by the	Identify the deficiency, analyze the reason for the deficiency, and take corrective measures accordingly.

Core principal	Assessment	Proposed measure	Responsibility	Monitoring indicators	Time of implementation and frequency of monitoring	Corrective action in case of deficiency
	is always tendency to underestimate this component. Consultation and disclosure requirements for the cat B projects are not sufficient. (Substantial)	of the projects. ESMP preparation, consultation and disclosure are among the actions in the PAP		indicators related to the social performance	PCO and LIUs social specialist and the IVA reports.	
Environmental and social management procedures and processes are designed to avoid, minimize, and mitigate against adverse impacts on natural habitats and physical cultural resources resulting from the program.	Risk of impacting natural habitats (low) Risk of affecting or improper handling of chance find cultural objects (Low)	Special attention to ESIA in sensitive areas	PCO/LIUs	Special arrangements are done for the preparation of ESIA of projects implemented in sensitive areas, such as Nile islands (more comprehensive ToRs and more budget allocated)	Sufficient budget/ToRs allocated for ESIA of projects implemented in sensitive areas according to need. Indicators will be monitored quarterly during the first two years and then annually.	In case of un-captured risk/impact, the ESIA process should be reviewed to fill the gap accordingly and learn from the experience. In case of noncompliance with the ESMPs, the

Core principal	Assessment	Proposed measure	Responsibility	Monitoring indicators	Time of implementation and frequency of monitoring	Corrective action in case of deficiency
						responsible contractor/operator should be accountable for corrective measures.
Environmental and social management procedures and processes are designed to protect public and worker safety against the potential risks associated with: (a) construction and/or operations of facilities or other operational practices under the program; (b) exposure to toxic chemicals, hazardous wastes, and other dangerous materials under the program; and (c) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards.	Construction sites are not regularly monitored for H&S (Medium)	Improve supervision on ESMP measures (including H&S) at construction sites	RBOs and EMUs with support from PCO/LIUs	ESMP measures included in construction contracts and WWTPs manuals Monitoring field visits are performed by LIUs. Updated Environmental Register prepared for each sub-project during construction and operation phases	Monitoring of ESMPs should be done through field visits by RBOs/EMUs with support from PCO/LIUs at least once annually during construction and operation for Program facilities. Indicators will be monitored quarterly during the first two years and then annually.	Take timely corrective action according to the type of noncompliance with H&S measures.
	Industrial facilities handle hazardous	Improve inspection on hazardous substances	RBOs and EMUs with support from PCO/LIUs	Consolidated plan is developed	During the first year of implementation. To be monitored annually	Take timely corrective action according to

Core principal	Assessment	Proposed measure	Responsibility	Monitoring indicators	Time of implementation and frequency of monitoring	Corrective action in case of deficiency
	substances but many of them do not comply to Law4/1994 requirements and MSDS guidance (Medium)	register at industrial facilities				the type of noncompliance with handling hazardous substances.
Land acquisition and loss of access to natural resources are managed in a way that avoids or minimizes displacement and affected people are assisted in improving, or at least restoring, their livelihoods and living standards.	Risks related to acquiring land for the different infrastructure under the Block Grants	- Develop a standardized approach for land acquisition. This will be achieved by developing guidelines for land acquisition and endorse it for implementation (through ministerial level protocols) ,	PCO at MOLD and the LIUs at the governorates	Compliance to the developed guidelines A socially sensitive, functioning, efficient, and timely land acquisition process is in place	Quarter	Take timely corrective action according to the type of noncompliance.
		Establish the needed coordination mechanism to ensure the process	PCO at MOLD and the LIUs at the governorates	Compliance to the developed guidelines verified by the IVA A socially sensitive,	Quarter	Take timely corrective action according to the type of

Core principal	Assessment	Proposed measure	Responsibility	Monitoring indicators	Time of implementation and frequency of monitoring	Corrective action in case of deficiency
		of land acquisition is not delaying projects or affected the population		functioning, efficient, and timely land acquisition process is in place		noncompliance.
		Assigning the relevant teams, and building their capacity.	PCO at MOLD and the LIUs at the governorates	Performance assessment system developed and incorporate the land acquisition dimension	Semi Annual	Take timely corrective action according to the type of noncompliance.
Give due consideration to the cultural appropriateness of and equitable access to program benefits, giving special attention to the rights and interests of the indigenous peoples and to the needs or concerns of vulnerable groups.	The system currently involves very weak consideration for the CE dimension (including the integration of youth and women)	The PAP proposed a system to enhance participation across the various steps, enhance the GRM system and develop community development program with focus on the youth led initiatives	PCO at MOLD and the LIUs at the governorates	Citizen engagement guidelines developed and implemented Grievance mechanism is up and running. Number of youth Government modalities	Semi Annual	Take timely corrective action according to the type of noncompliance.

Annex 1: The registration sheets of the conducted consultations

Annex 2: Photo Log

Meeting with Qena Governor and Governmental Executives



Discussion with Furniture Workshops in West Tahta



Focus Group Discussion with Sohag Youth



Meeting with Sohag Governor and stakeholders



Meeting with NGOs/CDAs in Qena

Meeting with NGOs/CDAs in Qena



Youth meeting in Sohag



The Cooperative Association for Heritage Crafts in Shandaweel, Sohag



Meeting *Technology Center for Citizen Service* in Naga Hamady



Meeting with NGOs/CDAs in Sohag



Meeting with NGOs/CDAs in Naga Hamady, Qena



Office for Citizens Complaints, Qean



Public Consultation in the diwan of Sohag to



Invitation announcement for the Public

present the draft ESSA



Consultation in the diwan of Qena



Public Consultation in the diwan of Qena to present the draft ESSA



Work groups during the Block Grant Workshop in Luxor



Annex 3 Consultation Received comments

Summary of the key received comments during the Public consultation in Sohag and Qena:

Key points of the received comments during the public consultation in Qena:

On the ESSA findings, it was advised that the ESSA looks at the coordination and working mechanisms within and among the entities.

For capacity building: Youth expressed their concerns regarding capacity building that do not have a real impact on the empowerment of youth (e.g. because they lack management skills) and their interest to put in place Trainings of Trainers youth programs.

Regarding citizen engagement it was noted that legislations for planning, for local development and for land acquisition should be improved. It was advised that the program should build on the existing experiences for citizen engagement and decentralization and work closely with the support unit of the local district. It was requested that CDAs be included during the planning and the implementation. Participants expressed their need for a well-functioning Grievance Redress Mechanism (GRM) at the districts/marakez level. However, it was pointed out that establishing a GRM system and ensuring Citizen Engagement in projects are not mandatory by the Egyptian law. There were concerns on how will citizen services office be able to reach out to all residents and how is participation going to be done, especially in order to integrate women and youth.

Moreover the importance of coordination was emphasized as a key prerequisite both among different entities as well as among different projects. Participants also mentioned that the Program should help in the development of the Local Administration Law.

On SMEs, it was asked to empower SME and that the program could help in creating connecting between SMEs and larger projects. Youth investors criticized the lengthy and complicated processes to receive loans in previous projects.

Important sectors for consideration: Ideas included solar energy, education, health, social justice, empowerment of female headed households, and creation of job opportunities for youth and women and improvement of industrial zone.

On the engagement of CDAs: Some CDAs advised not to exclude charity association and because they can have a development impact too.

Concerning the program design and the role of CSOs: it was noted that cooperation between the Task Team and UN habitat is needed to develop a regional strategic plan for Qena through citizen engagement and capacity building of the local development unit. Moreover, it was indicated that

number of studies on needs identification were prepared for Qena and should be used in planning the Program. During the consultation, MoLD will work with CDAs and CSOs in order to brainstorm ideas for the program to invest in and decide a common vision for Qena.

The timeline for implementation and clearer view on the implementation procedures were requested. Concerns were expressed on pilot programs not being duplicated. A demand was made to share more international best practices.

Regarding the environment issues, agriculture waste was mentioned and participants' wanted clarity if the Bank can play a role in reducing the pollution of the sugar can factories doing molasses. The capacity building and equipment are key for improving environmental management. Some participants suggested using cement kilns for disposal of waste such as sewage sludge. Some participants emphasized the importance of transferring polluting workshops out of the residential areas. Also some participants emphasized the importance of including clean energy among supported projects.

Key points of the received comments during the public consultation in Sohag:

Awareness activities and capacity building were solicited by the participants, especially for youth and persons with special needs. It was requested that the Program consider conducting do trainings on project management skills and ICT skills and it was noted that there is lack of training centers in the Governorate.

On citizen engagement, participants solicited the inclusion of youth and CDAs during the ESSA preparation and during the project planning, monitoring and evaluation. This could be done through a committee representing entities in order to help citizens select and implement projects. In addition, other tools that could be used to ensure citizen engagement were noted such as using CDAs as a link between citizens and different entities. It was request to restructure citizen complaints offices: they should include representatives from all ministries that work closely together and monitored by CDAs.

Other important aspects of citizen engagement that were pointed out were cooperation either between different entities, different project or between SMEs and big enterprises. It was advised to learn from past experiences and lessons learnt on how to have effective participation and decentralization, which could be done by working closely with the local development departments.

On SMEs, as mentioned in Sohag comments, participants emphasized the need to empower SMEs, to fund and have incubators for projects such as ICT related projects and projects from the private sector. Participants also emphasized the need for enhancing the monitoring of projects. Moreover, a need was also emphasized it was indicated to empower handicrafts projects by connecting them with bigger foundations (especially at the Kawthar markaz) since they could be opportunities for job creation for youth for the empowerment for poor families.

The key services to be improved: Participants noted that this should mainly include the quality of water, solid waste (e.g. collection of solid waste), sanitation with specific reference to some markazes/villages such as Munsha, Osayarat, Balayana that do not have access to sanitation). It was indicated that 14 sanitation projects started but were not completed because of lack of resources improving the health service and infection controls were also mentioned as services that need improvement. It was noted that there could be investment projects in Karaman Island, an improvement of the road reaching Aswan – Cairo road from Safalata and that there could be better services for persons with special needs.

With regards to the program design: It was mentioned that projects should be prioritized and lessons learnt from previous experiences should be considered. It was indicated that decentralization, as supported by the current constitution, could be a solution to the problems faced while implementing projects. Participants also proposed the creation of a website where Sohag's residents can discuss the main priorities of the governorate and innovative projects. This website could include a form for investors to apply through.

Finally, it was noted that there is a lack of clarity on the type of projects that will be funded by the Bank.

Regarding environment issues: The high demand for solid waste and sanitation projects were expressed by many participants. Concerns were expressed on the lack of utilization from agriculture resources (e.g. exporting instead of importing, corn waste could be transformed to animal food instead or burning it) and from animal waste. It was requested to create environmental monitoring centers to monitor pollution, a committee for the protection of the Nile, to have projects from the Bank side to ensure that CDAs are participating in the environmental sectors and to create a disposal site for industrial waste resembling to the one in Alexandria – Amreya. Ideas such as creation of parks, and enhancement of tourism and the protection of the cultural heritage (especially in Akhmim) were also discussed. Participants expressed interest in having awareness activities regarding the environment (e.g. the environmental laws). It was also noted that social aspects should be taken into consideration in environmental studies. Monitoring the application of the environmental and social reports should be also ensured. Awareness campaigns to raise citizens' awareness and educate them were also highlighted.

Annex 4: UELDP Investment Menu

AREA	CATEGORY		TYPE OF EXPENDITURES FINANCED
Investing in citizen services & infrastructure	Existing five mandates	Roads	Expenditures related to local roads within marakez and between marakez including <ul style="list-style-type: none"> • Reconstruction and upgrading of roads, including widening, paving, changes of alignment and geometry, drainage improvements, etc. • Periodic maintenance of existing roads, including pavement renewal. • Construction of new road sections, bridges, fords and culverts. • Establishment of ferries and public transportation stations. • Establishment of small bridges
		Electricity	<ul style="list-style-type: none"> • Extending and strengthening power networks. • Street lighting. • Purchase of lighting equipment such as lighting poles, light bulbs and cables.
		Environmental enhancement	<ul style="list-style-type: none"> • Garbage collection trucks and other collection equipment, collection bins, transfer stations, collection points. • Biogas and composting plants. • Covering small canals, ponds and ditches. • Establishment of hygienic slaughterhouses. • Urban parks and greenery development projects for beautification.
		Civil security	<ul style="list-style-type: none"> • Establishment of police and traffic units, including bomb detection equipment, motorcycles and police radios • Purchase of firefighting engines and fire extinguishers • Installation of traffic signals and signs.
		Support to local units	<ul style="list-style-type: none"> • Providing furniture, equipment and transportation vehicles for local units. • Improving primary healthcare services targeting women in rural and urban areas. • Establishing and supporting literacy classrooms. • Supporting small cultural activities within villages (for example, providing computers and books to youth centers and local women centers).
Expanded mandates	Roads	Expenditures related to primary/regional roads including: <ul style="list-style-type: none"> • Periodic maintenance of existing roads, including pavement renewal. • Reconstruction and upgrading of roads, including widening, paving, changes of alignment and geometry, drainage improvements, etc. • Construction of new road sections, bridges, fords and culverts. • Construction and improvement of infrastructure for pedestrians, bicycles and non-motorized transport, such as sidewalks, walkways, bicycle paths, road crossings, pedestrian bridges, etc. • Road safety improvements, such as (i) replacement of inappropriately designed road bumps by new bumps designed in line with international standards, (ii) 	

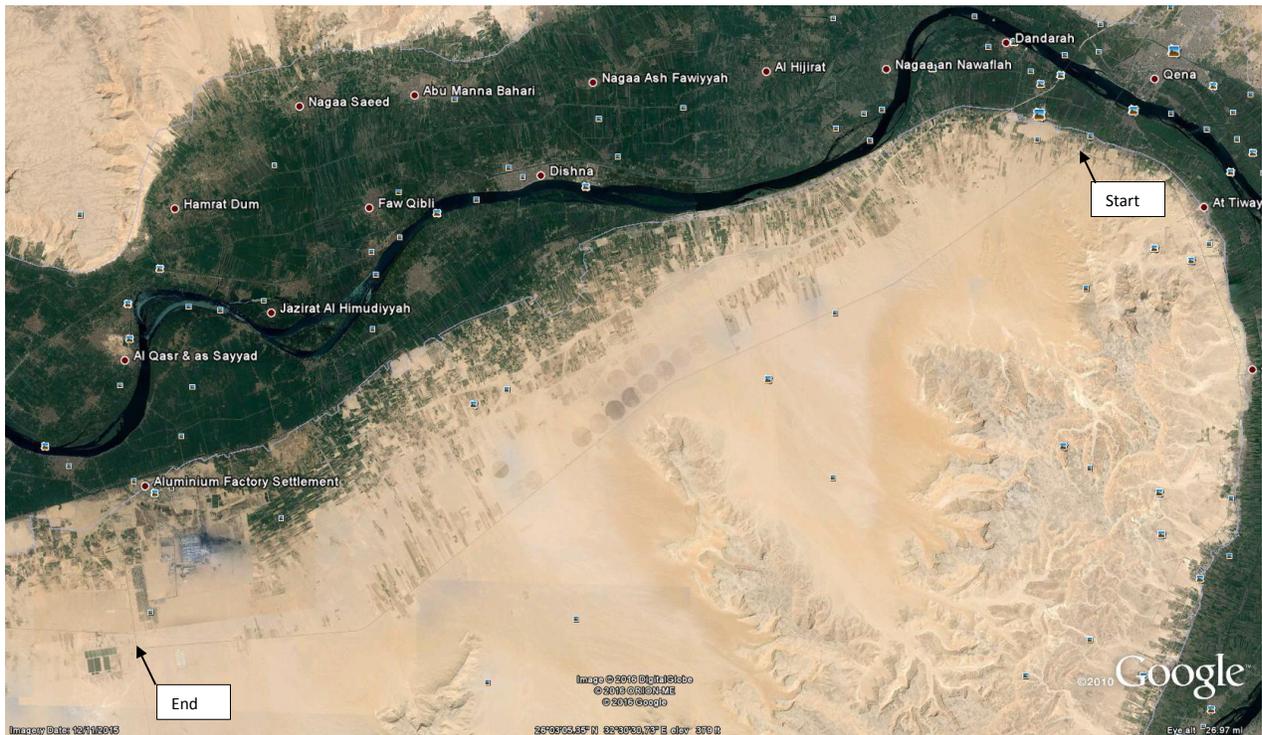
			<ul style="list-style-type: none"> replacement of road intersections by roundabouts, (iii) upgrading of road intersections, (iv) pedestrian bridges, (v) raised pedestrian crossings, etc. • Construction or improvement of facilities for public transport, such as bus stops and terminals. • Other road-related infrastructure (signage, street furniture, taxi and truck stands, etc.).
		Electricity	<ul style="list-style-type: none"> • Upgrading and installation of new transmission lines and transformers
		Water and Wastewater Management	<ul style="list-style-type: none"> • Urban drainage systems, flood control systems and the like. • Construction and upgrading of treatment plants, pump stations and sewage connections to buildings. • Sewer reticulation systems. • Wastewater treatment ponds.
Investing in Government Performance	Data and ICT systems for better decision-making		<ul style="list-style-type: none"> • ICT infrastructure – e-services for citizens, upgrading GRM systems, internet access points, upgrades to website and citizen data portal, and cloud computing. • Costs associated with collecting, aggregating and analyzing data from citizens and businesses to improve government responsiveness – This may include but not be limited to beneficiary feedback surveys like citizen report cards, purchasing systems and hiring consultants for SMS or IVR-based rapid data collection systems, citizen report cards, and performance dashboards.
	Upgrading the skills of the government workforce		<ul style="list-style-type: none"> • Training, seminars and conferences • Contracting of consultancy services to strengthen the capacity of governorates to deliver services and infrastructure including, but not limited to, hiring of mentoring teams, organizational development needs assessments, and other services.
	Citizen Service Centers		<ul style="list-style-type: none"> • Construction of new citizen service centers. • Upgrading existing citizen services centers, including costs associated with integrating the grievance redressal mechanism into citizen service centers.
	Consultancy services for design and contract management		<ul style="list-style-type: none"> • For studies relating to preliminary and detailed design, contract documentation and supervision relating to the infrastructure and services included on the investment menu.
Investing in private sector led growth	Improvement of government to business (G2B) services		<ul style="list-style-type: none"> • Establishment of GAFI OSS in each governorate - Furnishing and equipping of OSS (except IT systems and equipment financed by the EASE Investment in Egypt project), consulting and non-consulting services to establish and promote the OSS.

		<ul style="list-style-type: none"> • District G2B business platform - Development of IT business platform, cloud services to deliver the G2B platform to the district offices, servers, computers, and other IT equipment, training and consulting services to deploy and promote the new G2B services in the districts.
	Upgrading of industrial zones	<ul style="list-style-type: none"> • Industrial zone upgrading plans – In addition to the items identified above, buildings and similar structures for local marketplaces, transportation logistics, small enterprise shells (hangars or other ready-made spaces) in industrial zones, or other commercial activity identified under the IZ upgrading program, equipment and consulting or non-consulting services associated with the IZ upgrading plans. • Development of industrial zone management standards - Consulting and non-consulting services to develop, adopt, and promote the new IZ management system, equipment and other goods, operating expenditures for IZ management.
	Enhancing competitiveness of sectors and firms	<ul style="list-style-type: none"> • Cluster competitiveness initiatives – In addition to the items above, buildings and similar structures for local marketplaces, transportation logistics, small enterprise shells (hangars or other ready-made spaces), equipment, goods, training, and consulting and non-consulting services identified as needs in the cluster competitiveness action plans. Consulting and non-consulting services, workshops, travel, market research to develop the cluster competitiveness action plans. • Investment promotion - Consulting and non-consulting services or fees associated with identifying, developing, and promoting investment opportunities associated with priority sectors in the governorates. • Firm-level technical services and training - Consulting and non-consulting services and operating expenditures of partners (IMC or others), associated with implementing the firm-level extension services (in industry, services, or agribusiness).

Annex 5: Screening of the safeguards category of Qena – Nagaa Hammadi Road improvement

Project Description

The segment under consideration is 44 km that starts from an intersection near Qena City to an intersection close to Hew Industrial City as indicated in the map below. The interventions would comprise widening of the road from 2 to 4 lanes including (i) building a new 2-lane carriageway, separated from the existing carriageway by a median of about 15 meters; (ii) rehabilitating the existing 2-lane carriageway and (iii) introducing various types of road furniture and road safety features. This will reduce vehicle operating costs, travel times and accident rates, increase travel comfort and avoid future road congestion. Based on the justifications described above and following discussions with authorities and various other stakeholders from Qena Governorate, the 44-km road section was therefore included as eligible for funding under the UELDP PG. The estimated cost would be US\$ 62 million.



Applying the screening criteria

Significance: The project is limited to widening and existing road and consequently the impacts will be limited to an increased volume of traffic but the cumulative impacts would not be considered “significant”. This judgement is subjective, and the past experience of the WPG in classifying road projects is that only new roads, or roads rehabilitation and improvements in sensitive areas are considered Category A, while road segment improvements in non-sensitive areas is usually considered Category B as illustrated in the following table.

Sensitivity: The road segment is totally in a desert uninhabited area as illustrated in the above map. The road starts far from Qena city and ends in an uninhabited area near Hew industrial city. There are some new reclaimed agriculture land to the north of the road, but it is not expected that the RoW will affect these lands

Diversity: The new impacts would add to existing impacts of the original roads, no new media will be affected

Precedence: The new impacts would add to existing impacts of the original roads, all are precedence

Area of influence: The area of impact influence would be slightly wider than the impacts of the original road, but given the open nature of the landscape the air emissions would be effectively dispersed and the noise dissipated without large increase of the area of influence.

Accordingly the project is classified as Category B.

Examples for project classification from the WPG experience

Project Name	Coun.	Road description	Specific sensitives	Cat	Loan amount
Transport Corridors Project	Iraq	Improve safety and maintenance of a number of expressways (about 400 km) construction of new road section (about 25 km) and upgrading of new sections (about 60 km). A corridor will be expanded from 2 to 6 lanes	Some sections comprise population next to the RoW	A	400
Corridor Highway Project	Yemen	Construction of a new sub-section of 55 km of a double carriageway highway. Vehicle traffic will increase 1.59 times.	Settlements are close to the RoW and resettlement is unavoidable, some cultural heritage sites may be affected during construction. The increases in pollutants are as follows: HC – 2.21 times, CO – 2.53 times, NOx – 2.15 times, SO2 - 2.13 times, CO2 – 2.13 times, Particulate Matter – 2.13 times, Lead – 2.19 times higher	A	150
Rural Roads II	Morocco	Rehabilitation or upgrading of about 8 km of rural roads, including small, complementary road-related infrastructure. roads handle a very low volume of traffic (less than 30-50 vehicles per day)	Disruption of drainage is a major consideration in road design as it may hamper free drainage, cause stagnant pools of water, lead to increased sediments into ponds, streams and rivers due to erosion from road tops and sides, as well as increased run-off and flooding. Loss of natural vegetation may also occur during construction, especially when widening works are planned	B	50

Project Name	Coun.	Road description	Specific sensitives	Cat	Loan amount
Urban Transport (P4R)	Morocco	The physical works that will be done under the Program includes construction of dedicated lanes (and other infrastructure), installation of urban transport systems (traffic management, fare integration, traveler information, etc). The rights of way of the proposed works have a relatively limited geographic area. The adjustments to the infrastructure are limited	New RoW will involve the removing plantations and green areas.	B	
Road Transport Corridors	Tunisia	Improving about 145.5 km of existing single-lane national and regional road sections. Civil works will include widening and upgrading of the road sections, upgrading of 17 bridges, improvement of 230 culverts, 52 road intersections, traffic signs and implementation of other road safety measures	The RoW requires land acquisition as there are some structures were there. There will be reduction of man-planted economic and non-economic trees line along stretches of the roads	B	200

Project Name	Coun.	Road description	Specific sensitives	Cat	Loan amount
RY-Road Asset Management	Yemen	Improvement of the road condition (about 2,300 km total) through emergency maintenance. repairs and routine maintenance of road networks including repairs to road surfacing and pavements, drainage improvements, restoration of shoulders and road furniture such as guardrails, road signs and marking		B	40
Donsin Transport Infrastructure Project	Burkina Faso	The proposed project will fund the construction of a 24.3 km new two lane paved link road, with shoulders. The project will also include rehabilitation/spot improvement of about 40 km of unpaved rural roads.	Area is characterized by Sudano-Sahelian landscape features. Management of the limited resources (vegetation, watershed and soil fertility) is critical. Particular attention will be given to the Loubila water reservoir. Physical cultural resources could be impacted.	A	85
Transport Sector Project	Ethiopia	Upgrading of five selected roads that are either import/export regional trade corridors, corridors that provide access to investment or development areas, or important link roads that connect trunk roads. Overall, the total length of road to be upgraded is 434.5 km.	Most parts of the roads are densely populated and intensively used for agriculture, indigenous tree species and its associated fauna. Properties within the 30m Right of Way (ROW) zone will be acquired and population re-settled. The project triggers the natural habitats and forest policies as the Enkafo and Gorobela Afaf forests are on the RoW. Two of the roads are constructed in culturally sensitive areas	A	415

Project Name	Coun.	Road description	Specific sensitives	Cat	Loan amount
Transport Project SIL	Ghana	Rehabilitation of a major trunk road 52 km, rehabilitation of urban arterial roads and public transport infrastructure. A total of about 50 feeder road sections with a total length of 350 km will undergo minor rehabilitation and spot improvements.	The project is causing significant impacts in terms of scale and also triggers the involuntary resettlement and cultural heritage policies.	A	200

Project Name	Coun.	Road description	Specific sensitives	Cat	Loan amount
ROAD UPGRADE & MODERN Country	Belarus	<p>Road upgrading of a total of 53 km of the M5 road located between Minsk and Bobrujsk. It will include (i) reconstruction of the existing two lanes and the construction of two additional lanes for an axle load of 11.5 tons, (ii) multiple road safety features in line with EU road standards, (iii) the construction of six two-level interchanges, seven overpasses, four new bridges, two pedestrian underpasses, (iv) a number of environmental impact management features in the three villages that are located near the alignment, and (v) communications and other infrastructure related to the new electronic tolling system.</p>	<p>Slight impact in air quality due to increased traffic and construction; increased noise; temporary loss of vegetation and disposal of construction solid or hazardous waste.</p> <p>Temporary impacts may appear at the two village bypasses where cutting of some trees is required and where the Osipovich water reservoir ecosystem may be temporarily impacted during the new bridge construction.</p> <p>Potential indirect impacts on the health of the local population of 5 villages due to noise and traffic emissions.</p>	B	100

Project Name	Coun.	Road description	Specific sensitives	Cat	Loan amount
Second Rural Transport Project	Bangladesh	<ul style="list-style-type: none"> • Improvement of about 700 km of Upazila Road and 500 km of Union Roads – including bridges, cross-drainage structures and safety measures. • The rural roads periodic maintenance (RPM) of about 4,000 km of UZR (Upazila Road) and UNR (Union Road), including long-term PBMC (Performance-based Maintenance Contracting) of about 450 km of roads. • Improvement of about 50 growth center markets and 20 ghats. • Development of about 50 km of pilot rural waterways for use by country and engine boats, including improvement of landing and handling facilities at ghats along the routes. 	<p>Major physical works may require private land acquisition and taking back of the public land from private uses during the improvement of UZR4. Acquisition where necessary for widening, will likewise be in strips along the roads. Previous experience shows that such strip acquisitions affect a large number of landowners, with the loss of very small amounts of land. It is also likely households and businesses that may have been squatting on LGED (Local Government Engineering Department) or other public lands may be displaced and that women in the project influence areas may be subjected to disproportionate impacts in the process of land acquisition and resettlement.</p> <p>The road will attract settlements and undesired structures including commercial facilities particularly near the community. Growth of settlement on vacant ROWs near the community increase accident risk and increased industrial activities, such as local industries can cause harmful effects to the surface water and groundwater.</p> <p>Operation of rural waterways will cause direct disturbance to the aquatic species and their habitat due to different kinds of liquid waste discharge during river transportation operations.</p>	A	300

Project Name	Coun.	Road description	Specific sensitives	Cat	Loan amount
REGIONAL ROADS DEVELOPMENT PROJECT	Azerbaijan	<p>A) The rehabilitation two regional roads: i)The Shirvan Salyan Road (R45) - With a total length of 41 kilometers, and connects the town of Shirvan with Salyan some 120 kilometers to the south of Baku; 2) The Salyan – Neftchala Road (R46) which connects with the junction of the M3 in Salyan and continues in a south / easterly direction for 42 kilometers until it reaches its destination in Neftchala.</p> <p>B) Minor upgrading of about 100-km connecting local roads in the Rayons of Sabiribad, Salyan and Neftchala to an all-weather surface</p>	<p>Sensitivity of the borrow pit locations exists. There are two potential borrow areas identified for extraction of embankment materials – Kalmas and Babazanan hills. The flora and fauna of these areas are not high due to previous extractions by other contractors but the Babazanan borrow area is located nearby Shirvan National Park which is visited frequently by Persian Gazelles making the site too sensitive for future exploitation. Future extraction materials from this site should be avoided.</p> <p>Contamination of soil due to spills or hazardous materials is a possibility resulting from road accidents</p>	B	250

Annex 6: Supporting Frame for Land Acquisition Procedures

Box 1. Basic Content for the Land Acquisition Guidelines²⁹

- i. Regulating laws
- ii. Approaches for land acquisition
- iii. Proposed improved procedures
- iv. Principles:
 - ✓ Entitlements
 - ✓ Valuation of compensation
 - ✓ Consultation with affected individuals
 - ✓ Information disclosure
 - ✓ Grievance mechanism
 - ✓ Inclusion of vulnerable groups (including women, the elderly, and the landless)
- v. Planning the resettlement process
- vi. Documentation process
- vii. Monitoring the impacts related to land acquisition:
 - ✓ Tools
 - ✓ Reporting
- viii. ToRs and performance indicators for the 'land acquisition officer'
- ix. Key executive steps for finalizing land acquisition process (including the checklists and forms to be used and the steps to be followed)

Box 2. Preliminary Responsibilities related to the land acquisition (as part of the responsibilities of the social specialist)³⁰

At the PCO level

The social specialist on the PCO level should be in charge of the land file at the program level. He or she should work on designing a progressive work plan that carefully harmonizes between the project implementation schedule and the land acquisition requirements in a timely manner. Based on the Protocol, he or she should play a key role in flagging issues to the central committee to avoid any potential delay in the project implementation as a result of land acquisition. The specialist should work closely with other stakeholders to ensure diligent implementation of the land acquisition process according to the SOP. The specialist report to the director of the PCO.

At the LIU level

The LIU social specialist should be charged with the daily responsibility of consultation and communication with the affected groups as a result of land acquisition. The land acquisition officer should work to fulfill all the resettlement principles that will be stipulated in the guidelines. He should coordinate and harmonize activities closely with the community engagement teams. He or she should report to the senior specialist at the PCO level.

²⁹ The content is not inclusive and will be developed further as part of more comprehensive ToRs to be developed for preparing guidelines with guidance from the Bank.

³⁰ Those are not inclusive ToRs for the land acquisition officer. Comprehensive ToRs will need to be prepared with guidance from the Bank. It is also possible to revise the existing ToRs of the Properties Department to ensure that the proposed responsibilities are included.

